

City of Wixom, Michigan

Financial Report with Supplemental Information June 30, 2003

City of Wixom, Michigan

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Independent Auditor's Report

To the City Council
City of Wixom, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Wixom as of and for the year ended June 30, 2003, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Wixom's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Wixom as of June 30, 2003 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and the budgetary comparison schedules as identified in the table of contents are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

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To the City Council
City of Wixom, Michigan

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Wixom's basic financial statements. The accompanying other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

As described in Note 15, the City has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, and related statements, as of July 1, 2002.

Plante & Moran, PLLC

October 10, 2003

City of Wixom, Michigan

Management's Discussion and Analysis

As management of the City of Wixom, Michigan, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2003. We encourage readers to consider the information presented here in conjunction with the City's financial statements.

Financial Highlights

As discussed in further detail in this discussion and analysis, the following represents the most significant financial highlights for the year:

- For governmental activities (General Fund and other funds), the current assets of the City exceed its current liabilities at the close of June 30, 2003 by \$3,246,227, which may be used to meet the governmental ongoing obligations to citizens and creditors.
- For business-type activities (Water and Sewer Utility Systems), the current assets of the City exceed its current liabilities at the close of June 30, 2003 by \$10,473,723, which may be used to meet the governmental ongoing obligations to citizens and creditors.
- Total net assets related to the City's governmental activities increased by \$86,647, while the net assets related to the City's business-type activities increased by \$705,111.
- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$4,346,507, a decrease of \$3,544,631. The decrease in fund balance is primarily due to the completion of a renovation of a fire station and the construction of a new DPW building and a planned decrease in the fund balance of the General Fund.
- The City's total debt during the fiscal year decreased from \$32,311,344 to \$30,689,256, a decrease of \$1,622,088, which represents the difference between new issues of \$512,130 and payments of outstanding debt of \$2,134,218.

Using this Annual Report

This annual report consists of a series of financial statements: (1) management's discussion and analysis (this section), (2) government-wide financial statements, (3) fund financial statements, (4) notes to the financial statements, (5) required supplemental information, and (6) other supplemental information. The government-wide financial statements include the statement of net assets and the statement of activities, which provide information about the activities of the City of Wixom as a whole and present a longer-term view of the City of Wixom's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year, and whether the taxpayers have funded the full cost of providing government services. Both statements are used to indicate and monitor the overall financial health of the City.

City of Wixom, Michigan

Management's Discussion and Analysis (Continued)

The fund financial statements present a short-term view; they tell us how the taxpayers' resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the City of Wixom's operations in more detail than the government-wide financial statements, by providing information about the City of Wixom's most significant funds. Some of these funds are mandated by federal and State law and bond covenants. The City Council establishes other funds to control and manage funds for particular purposes or to show it complies with legal requirements.

The fiduciary fund statements provide financial information about activities for which the City of Wixom acts solely as a trustee or agent for the benefit of those outside of the government. These assets are restricted in purpose and do not represent discretionary assets of the City, and so these assets are not included in the governmental-wide financial statements.

The notes to the financial statements are provided to give the reader additional information that is important to a full understanding and disclosure of the financial data provided for the government-wide and fund financial statements.

The additional required and other supplementary information follows the basic financial statements that further explains and supports the information in the financial statements including budgetary comparison schedules and information for the General Fund and other major funds and schedules of non-major funds in fund financial statement format.

The City of Wixom as a Whole

As noted before, the City's combined net assets increased by approximately 1 percent from a year ago, increasing from \$81,332,409 to \$82,124,166. A review of the governmental activities, separately from the business-type activities, shows an increase of approximately \$86,646 in net assets. This increase was a result of diligence in the area of expenditure control, disciplined budgeting practices, and continued growth/additions in property values within the City, while facing declines in other areas of revenue and a planned reduction in fund balance. The business-type activities experienced a \$705,111 increase in net assets as well. This was primarily due to contributions of water and sewer lines by developers of \$712,290, controlled expenditures, the addition of Ford Motor Company as a water customer, and an increase in the overall combined water and sewer rate of the City. The following table shows, in a condensed format, the net assets as of the current date and compared to the prior year:

City of Wixom, Michigan

Management's Discussion and Analysis (Continued)

TABLE I

	Governmental Activities		Business-type Activities		Total	
	2003	2002	2003	2002	2003	2002
Assets:						
Current assets	\$ 5,904,158	\$ 9,097,827	\$ 11,167,211	\$ 11,400,383	\$ 17,071,369	\$ 20,498,210
Noncurrent assets	39,712,611	37,984,996	58,585,806	58,744,264	98,298,417	96,729,260
Total assets	45,616,769	47,082,823	69,753,017	70,144,647	115,369,786	117,227,470
Liabilities:						
Current liabilities	2,470,516	3,239,514	1,904,525	2,344,705	4,375,041	5,584,219
Long-term liabilities	11,226,296	12,010,000	17,639,135	18,295,697	28,865,431	30,305,697
Total liabilities	13,696,812	15,249,514	19,543,660	20,640,402	33,240,472	35,889,916
Net assets:						
Invested in capital assets -						
Net of related debt	27,643,583	25,014,996	38,875,514	37,640,229	66,519,097	62,655,225
Restricted	1,652,285	3,599,910	1,211,036	1,945,472	2,863,321	5,545,382
Unrestricted (deficit)	2,624,089	3,218,403	10,122,807	9,918,544	12,746,896	13,136,947
Total net assets	<u>\$ 31,919,957</u>	<u>\$ 31,833,309</u>	<u>\$ 50,209,357</u>	<u>\$ 49,504,245</u>	<u>\$ 82,129,314</u>	<u>\$ 81,337,554</u>

The largest portion of the City's net assets (81 percent) represents its investment in capital assets (i.e., land, buildings, vehicles, equipment, water and sewer utility systems, and road infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. Although the City's investments in its capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Net assets of \$1,270,064 represent resources that are subject to external restriction on how they may be used due to bond covenants or other legal restrictions. The remaining unrestricted assets of \$14,128,786 may be used to meet the government's ongoing obligations to citizens and creditors.

City of Wixom, Michigan

Management's Discussion and Analysis (Continued)

At the end of the current fiscal year, the City can report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

TABLE 2

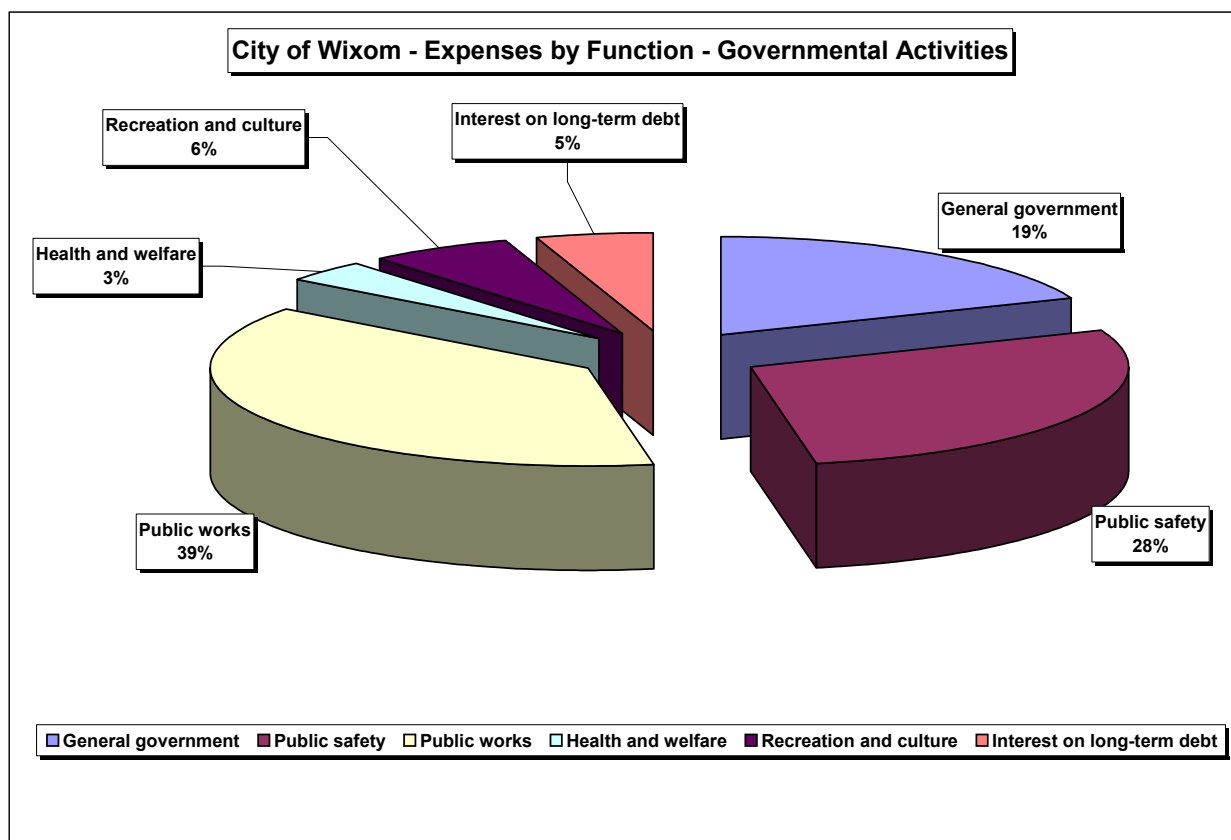
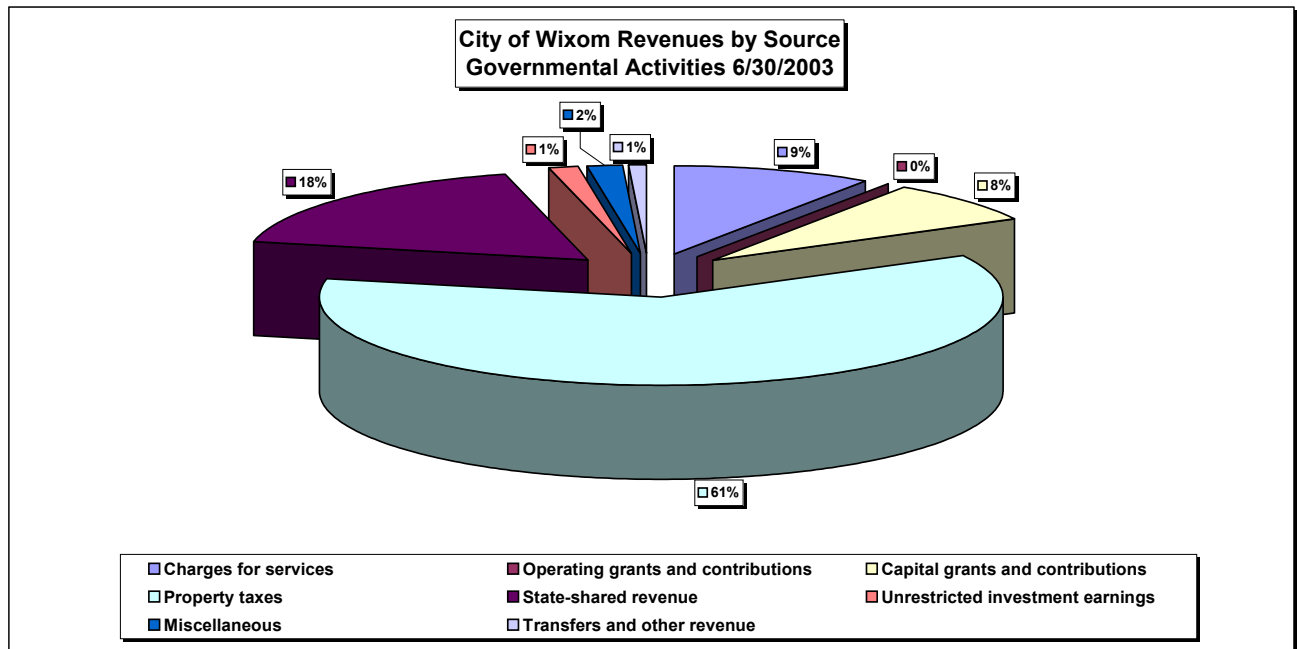
	Governmental Activities	Business-type Activities	Total
Revenue			
Program revenue:			
Charges for services	\$ 1,140,032	\$ 2,578,158	\$ 3,718,190
Operating grants and contributions	1,242,209	-	1,242,209
Capital grants and contributions	996,262	1,126,915	2,123,177
General revenue:			
Property taxes	7,447,805	1,276,019	8,723,824
State-shared revenue	1,475,681	-	1,475,681
Unrestricted investment earnings	176,278	124,485	300,763
Miscellaneous	250,765	-	250,765
Sale of fixed assets	225	-	225
Total revenue	12,729,257	5,105,577	17,834,834
Program Expenses			
General government	2,758,567	-	2,758,567
Public safety	3,412,961	-	3,412,961
Public works	4,695,373	-	4,695,373
Health and welfare	420,897	-	420,897
Recreation and culture	752,899	-	752,899
Interest on long-term debt	601,912	617,641	1,219,553
Water and sewer	-	3,782,823	3,782,823
Total program expenses	12,642,609	4,400,464	17,043,073
Change in Net Assets	\$ 86,648	\$ 705,113	\$ 791,761

Governmental Activities

The City of Wixom's total governmental revenues increased by approximately \$175,000 (2.2 percent increase), which was primarily due to an increase in property tax revenues. These increases were offset by decreases in State-shared revenue, building permits, and interest income because of the slow down in the state and national economies.

City of Wixom, Michigan

Management's Discussion and Analysis (Continued)

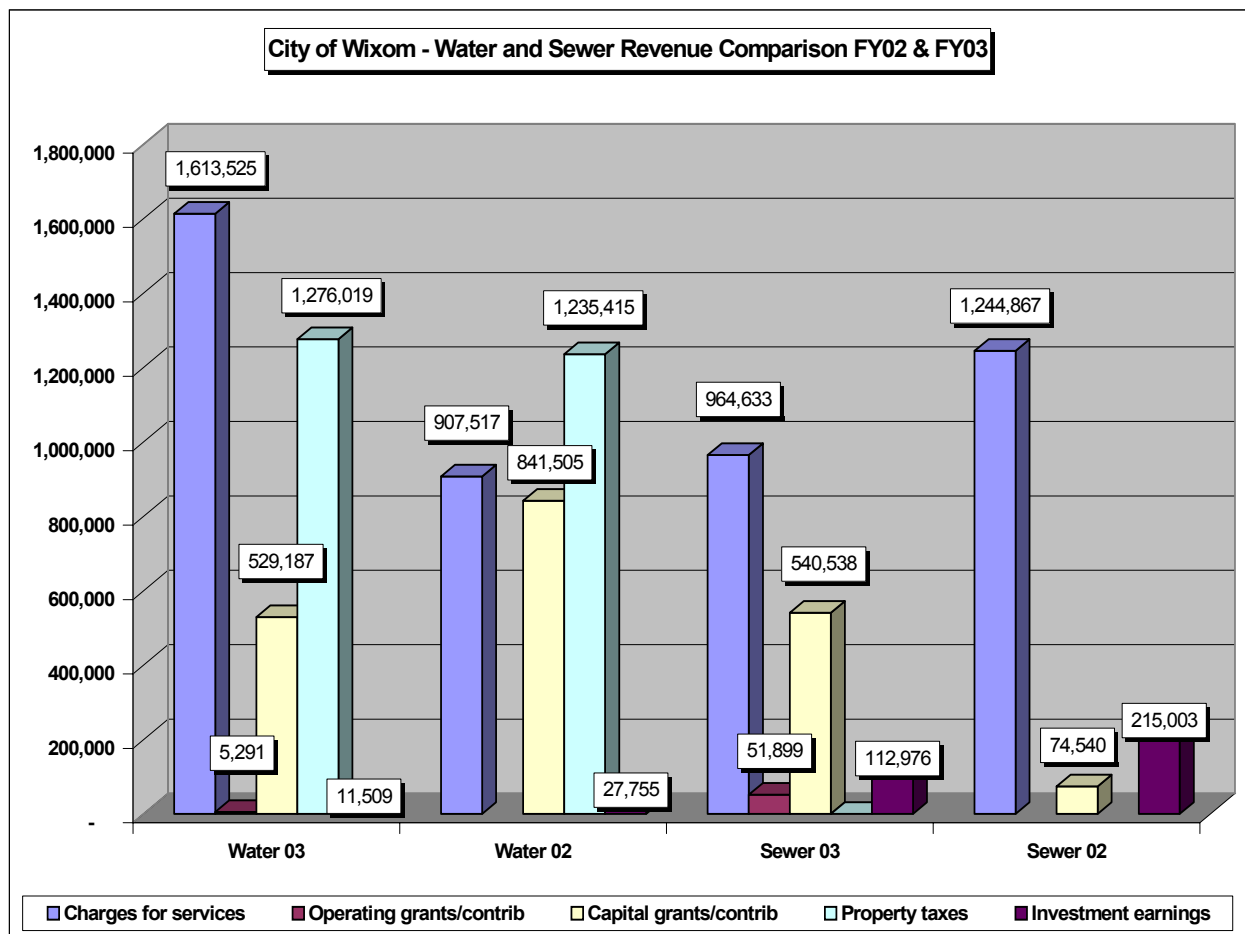


City of Wixom, Michigan

Management's Discussion and Analysis (Continued)

Business-type Activities

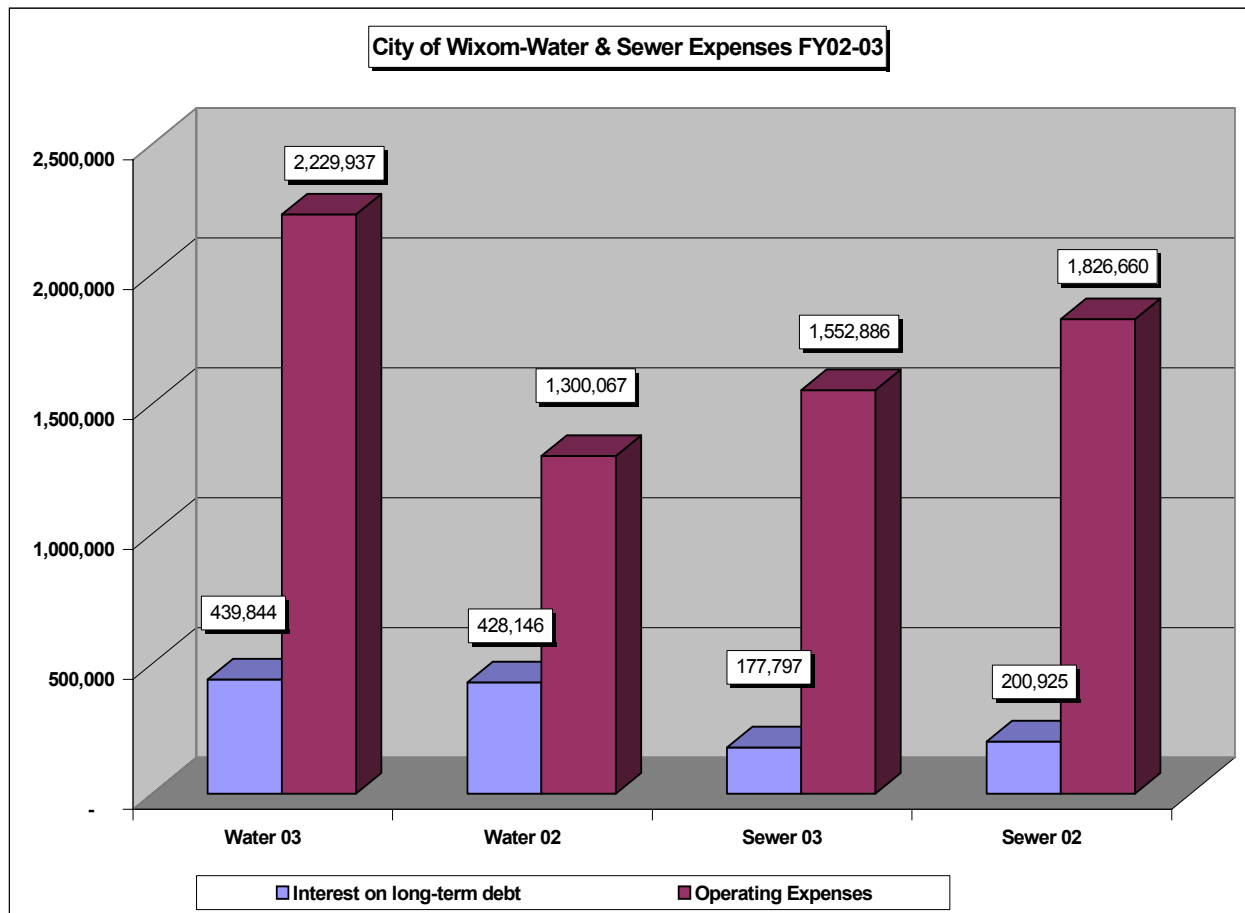
The City of Wixom's business-type activities consist of the Water and Sewer Fund. The City provides its residents water, which it purchases from the City of Detroit Water System. The City's water rate was held to less than the increase received from the City of Detroit by use of expenditure control. With the addition of Ford Motor Company as a customer, the Water Fund generated significantly more service revenue during fiscal year 2003. Due to a decline in building, the capital contribution for lines from developers decreased during fiscal year 2003. The City provides sewage treatment through a City of Wixom owned and operated sewage treatment plant. The decline in service revenue was due primarily to a decrease in the sewer rates charged to customers.



The City of Wixom's Water Fund operating expenses increased by \$929,871 from fiscal year 2002 due to a rate increase in the Detroit water wholesale charges and the addition of Ford Motor Company as a water customer. The issuance of additional bonds for \$512,130 should complete the final construction of the new Wixom Water System with its hookup to the Detroit Water System. The Wixom's Sewer Fund operating expenses declined by \$280,234 from fiscal year 2002 expenses incurred for inflow and infiltration studies and televising and cleaning activities incurred during fiscal year 2002.

City of Wixom, Michigan

Management's Discussion and Analysis (Continued)



The City of Wixom's Funds

Our analysis of the City of Wixom's major funds begins on page 16, following the government-wide financial statements. The fund financial statements provide detail information about the most significant funds, not the City as a whole. The City Council creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as State of Michigan Act 51 major and local road revenue sharing, accounting for drug forfeiture revenue and expenditures, capital projects, and voted debt retirement funds. The City of Wixom's major funds for 2003 include the General Fund, the Major Road Fund, the Local Road Fund, the Major Street Capital Program Fund, the Local Road Capital Fund, and the DPW & Fire Building Construction Fund.

City of Wixom, Michigan

Management's Discussion and Analysis (Continued)

The General Fund pays for most of the City of Wixom's governmental services. The most significant expenditures are public works, which incurred costs of \$6,548,633, or 43 percent of total governmental funds, and for public safety (police and fire), which incurred expenses of approximately \$3,765,799, or 25 percent of total governmental funds in fiscal year 2003. The public works services are supported by the Major Street Capital Program Fund, the Local Road Capital Fund, the Safety Bike Path Fund, and the General Fund. The general operating millage levied by the City supports not only these functions, but other major operating costs such as funding general government administration, recreation and cultural programs, and other activities. The general operating millage does not support other costs such as water and sewer, and General Obligation Bond issues supported by millage or fees.

General Fund Budgetary Highlights

Over the course of the year, the City of Wixom amended the budget to take into account unanticipated events during the year. The most significant of these events during fiscal year 2003, related to revenues, were the decreases in anticipated State-shared revenues, interest income, and building permits and engineering service revenues. All of these revenues decreased due to the downturn in the economy or State cutbacks. The differences between the original budget and the final amended budget for revenues and expenditures were \$334,181, or 4 percent decrease in revenues and \$602,766, or 6.4 percent increase in expenditures. The most significant of these events during fiscal year 2003 related to expenditures were the increases in funding needed for local road projects in the amount of \$325,000, and increases in legal assistance, parks and recreation, building inspection costs, and fire department expenditures.

The differences between the final amended budget and the actual amounts were significant in the expenditure area. Revenues received were .6 percent greater than budgeted (\$45,526), while expenditures were 4.9 percent less than budgeted (\$490,232). Consequently, the General Fund continues to maintain a fund balance of approximately \$800,000, which will help the City to maintain its current level of services.

Capital Assets and Debt Administration

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2003 amounts to \$97,041,456, net of accumulated depreciation (governmental activities show net capital assets at \$39,666,688 and business-type activities show net capital assets at \$57,374,768). This investment includes a wide range of capital assets, including local and major streets, bike paths, and sidewalk infrastructure. This is the first year the City is reporting its infrastructure assets in accordance with GASB Statement No. 34.

City of Wixom, Michigan

Management's Discussion and Analysis (Continued)

This year's major capital improvements included the following:

- Construction of the City's new DPW building costing \$1,678,632, and the renovation of a fire station costing \$1,482,927
- Vehicle purchases included (1) a medic unit that was acquired for the Wixom fire department, which cost \$85,105, (2) the purchase of new police vehicles for \$76,423, and (3) replacement of a DPW dump truck for \$82,338.
- Road improvements included (1) major road capital improvements of \$937,329 for South Wixom Road, (2) local and major road maintenance capital improvements of 1,479,468 on various roads within the City, and (3) safety bike path capital improvements of \$325,743.
- Parks and recreation improvements amounted to \$229,311, which included major improvements to one of the City's historical properties, the Gibson House, in the amount of \$124,745.

Long-term Debt

At the end of the fiscal year, the City had total long-term bonds outstanding of \$30,689,256. Of this amount, \$12,010,000 comprises debt for governmental activities while \$18,679,256 comprises debt for business-type activities. This debt is reported as a liability in the governmental activities and business-type activities in the statement of net assets.

State statutes limit the amount of the general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation. The current debt limitation for the City is \$97,270,494, which is significantly in excess of the City's outstanding general obligation debt. The City has an A+ rating for general obligation unlimited and limited tax bonds from Standards & Poor's. Moody's rated the City's general obligation unlimited tax bonds at A1 and the general obligation limited tax bonds at A2.

Economic Factors and Next Year's Budgets and Rates

The General Fund fiscal year 2004 budget for next year calls for a reduction in overall expenditures to \$8,962,638 compared to the amended budget for fiscal year 2003 of overall expenditures of \$9,983,566. This is an approximate 10 percent reduction in total General Fund budgeted expenditures over the previous year, and provides for a balanced budget for fiscal year 2004 without the need for any appropriation from the fund balance of the General Fund. During the 2003-2004 fiscal year, administration will continue to monitor revenues and expenditures and attempt to expend less than authorized by the budget.

City of Wixom, Michigan

Management's Discussion and Analysis (Continued)

Contacting the City of Wixom's Management

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the City of Wixom's finances and to show the City of Wixom's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Clerk's office or the Finance Office, City of Wixom, 49045 Pontiac Trail, Wixom, Michigan 48393.

City of Wixom, Michigan

Statement of Net Assets June 30, 2003

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and investments (Note 3)	\$ 5,057,692	\$ 10,249,340	\$ 15,307,032	\$ 1,643,913
Receivables - Net (Note 4)	728,568	802,568	1,531,136	9,120
Internal balances	46,334	(46,334)	-	-
Other assets	71,564	-	71,564	-
Inventories	-	161,637	161,637	-
Restricted assets (Note 8)	59,028	1,211,036	1,270,064	-
Capital assets - Net (Note 5)	39,653,583	57,374,770	97,028,353	738,884
Total assets	45,616,769	69,753,017	115,369,786	2,391,917
Liabilities				
Accounts payable	977,909	494,649	1,472,558	33,841
Accrued and other liabilities	409,607	157,499	567,106	11,194
Current liabilities payable with restricted assets	-	23,340	23,340	-
Customer deposits	-	368,916	368,916	-
Compensated absences:				
Due within one year	58,000	-	58,000	-
Due in more than one year	241,296	-	241,296	-
Long-term debt (Note 7):				
Due within one year	1,025,000	1,229,037	2,254,037	125,000
Due in more than one year	10,985,000	17,270,219	28,255,219	494,000
Total liabilities	13,696,812	19,543,660	33,240,472	664,035
Net Assets				
Invested in capital assets - Net of related debt	27,643,583	38,875,514	66,519,097	694,884
Restricted:				
Streets and highways	1,061,054	-	1,061,054	-
Debt service	474,544	1,211,036	1,685,580	-
Other purposes	116,687	-	116,687	-
Unrestricted	2,624,089	10,122,807	12,746,896	1,032,998
Total net assets	\$ 31,919,957	\$ 50,209,357	\$ 82,129,314	\$ 1,727,882

City of Wixom, Michigan

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 2,758,567	\$ 38,838	\$ 13,650	\$ -
Public safety	3,412,961	103,049	-	33,366
Public works	4,695,373	294,042	1,228,559	907,101
Health and welfare	420,897	415,315	-	-
Community and economic development	-	-	-	-
Recreation and culture	752,899	288,788	-	55,795
Interest on long-term debt	601,912	-	-	-
Total governmental activities	12,642,609	1,140,032	1,242,209	996,262
Business-type activities:				
Water	2,669,781	1,613,525	5,291	529,187
Sewer	1,730,683	964,633	51,899	540,538
Total business-type activities	4,400,464	2,578,158	57,190	1,069,725
Total primary government	<u>\$ 17,043,073</u>	<u>\$ 3,718,190</u>	<u>\$ 1,299,399</u>	<u>\$ 2,065,987</u>
Component units:				
Downtown Development Authority	\$ 19,501	\$ -	\$ -	\$ -
Local Development Finance Authority	591,135	-	-	-
Library	485,084	36,223	458,770	5,200
Total component units	<u>\$ 1,095,720</u>	<u>\$ 36,223</u>	<u>\$ 458,770</u>	<u>\$ 5,200</u>
General revenue:				
Property taxes				
State-shared revenues				
Unrestricted investment earnings				
Miscellaneous				
Special item - Gain on sale of fixed asset				
Total general revenue and special item				
Change in Net Assets				
Net Assets - Beginning of year				
Net Assets - End of year				

Statement of Activities
Year Ended June 30, 2003

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (2,706,079)	\$ -	\$ (2,706,079)	\$ -
(3,276,546)	-	(3,276,546)	-
(2,265,671)	-	(2,265,671)	-
(5,582)	-	(5,582)	-
-	-	-	-
(408,316)	-	(408,316)	-
(601,912)	-	(601,912)	-
(9,264,106)	-	(9,264,106)	-
-	(521,778)	(521,778)	-
-	(173,613)	(173,613)	-
-	(695,391)	(695,391)	-
(9,264,106)	(695,391)	(9,959,497)	-
-	-	-	(19,501)
-	-	-	(591,135)
-	-	-	15,109
-	-	-	(595,527)
7,447,805	1,276,019	8,723,824	551,740
1,475,681	-	1,475,681	-
176,278	124,485	300,763	22,789
250,765	-	250,765	9,646
225	-	225	-
9,350,754	1,400,504	10,751,258	584,175
86,648	705,113	791,761	(11,352)
31,833,309	49,504,244	81,337,553	1,739,234
\$ 31,919,957	\$ 50,209,357	\$ 82,129,314	\$ 1,727,882

City of Wixom, Michigan

	General	Major Road	Local Road	Local Road Capital	Major Road Capital Program
Assets					
Cash and investments	\$ 1,648,497	\$ -	\$ -	\$ 35,447	\$ 4,761
Receivables - Net	268,746	43,713	18,378	-	-
Other assets	71,564	-	-	-	-
Due from other funds	1,100,938	-	-	29,722	1,208,313
Total assets	<u>\$ 3,089,745</u>	<u>\$ 43,713</u>	<u>\$ 18,378</u>	<u>\$ 65,169</u>	<u>\$ 1,213,074</u>
Liabilities					
Accounts payable	\$ 397,170	\$ -	\$ -	\$ 221,202	\$ 23,887
Accrued and other liabilities	98,307	-	-	207	128,133
Due to other funds	1,794,537	43,713	18,378	-	-
Total liabilities	2,290,014	43,713	18,378	221,409	152,020
Fund Balances - Unreserved, reported in					
General Fund	799,731	-	-	-	-
Special Revenue Funds	-	-	-	(156,240)	-
Debt Service Funds	-	-	-	-	-
Capital Projects Funds	-	-	-	-	1,061,054
Total fund balances	<u>799,731</u>	<u>-</u>	<u>-</u>	<u>(156,240)</u>	<u>1,061,054</u>
Total liabilities and fund balances	<u>\$ 3,089,745</u>	<u>\$ 43,713</u>	<u>\$ 18,378</u>	<u>\$ 65,169</u>	<u>\$ 1,213,074</u>

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds

Revenue reported in the statement of activities that does not provide current financial resources and is not reported as revenue in the governmental funds (GASB #33)

Accrued liabilities and other liabilities reported in the statement of activities and are not reported as expenditures in the governmental funds

Long-term liabilities are not due and payable in the current period and are not reported in the funds

Net assets of governmental activities

**Governmental Funds
Balance Sheet
June 30, 2003**

DPW & Fire Building	Other Nonmajor Governmental Funds	Total Governmental Funds
\$ 376,939	\$ 3,051,077	\$ 5,116,721
-	65,701	396,538
-	-	71,564
-	290,401	2,629,374
<u>\$ 376,939</u>	<u>\$ 3,407,179</u>	<u>\$ 8,214,197</u>
\$ 16,867	\$ 318,783	\$ 977,909
80,000	92	306,739
4,425	721,988	2,583,041
101,292	1,040,863	3,867,689
-	-	799,731
-	1,891,772	1,735,532
-	474,544	474,544
275,647	-	1,336,701
275,647	2,366,316	4,346,508
<u>\$ 376,939</u>	<u>\$ 3,407,179</u>	
		39,653,583
		332,029
		(102,867)
		<u>(12,309,296)</u>
		<u>\$ 31,919,957</u>

City of Wixom, Michigan

	General	Major Road	Local Road	Local Road Capital	Major Road Capital Program
Revenues					
Property taxes	\$ 5,165,587	\$ -	\$ -	\$ 888,250	\$ -
Solid waste collection	-	-	-	-	-
State revenue	1,475,681	489,043	206,722	-	532,794
Federal grants	-	-	-	-	-
County grants	-	-	-	-	-
LDFA contributions	-	-	-	-	559,959
Charges for services	245,140	-	-	-	-
Fines and forfeits	55,161	-	-	-	-
Licenses and permits	327,717	-	-	-	-
Rental income	77,574	-	-	-	-
Donations	-	-	-	-	-
Interest	114,113	-	-	1,588	-
Other revenue	228,434	-	-	-	-
Total revenues	7,689,407	489,043	206,722	889,838	1,092,753
Expenditures					
Current:					
Legislative	17,089	-	-	-	-
City manager	377,199	-	-	-	-
Assessor	180,468	-	-	-	-
Boards and commissions	107,620	-	-	-	-
Cultural center	256,982	-	-	-	-
Community services/recreation	454,410	-	-	-	-
Building department	552,620	-	-	-	-
Department of Public Service	223,333	-	-	-	-
City building maintenance	51,005	-	-	-	-
Clerk	195,994	-	-	-	-
Financial administration	348,969	-	-	-	-
General operating	328,432	-	-	-	-
Fire department	650,937	-	-	-	-
Legal assistance	211,862	-	-	-	-
Land acquisition	-	-	-	-	-
Police department	2,576,048	-	-	-	-
Solid waste	-	-	-	-	-
Information systems	116,634	-	-	-	-
Public works	635,395	244,617	256,371	-	-
Educational	-	-	-	-	-
Cemetery	-	-	-	-	-
Library contribution	447,805	-	-	-	-
Other capital improvements	-	2,136,307	608,974	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	7,732,802	2,380,924	865,345	-	-
Excess of Revenues Over (Under) Expenditures	(43,395)	(1,891,881)	(658,623)	889,838	1,092,753
Other Financing Sources (Uses)					
Transfers in		2,136,307	731,234	397,611	122,165
Transfers out	(1,313,000)	(244,426)	(72,611)	(1,479,469)	(940,068)
Total other financing sources (uses)	(1,313,000)	1,891,881	658,623	(1,081,858)	(817,903)
Net Change in Fund Balances	(1,356,395)	-	-	(192,020)	274,850
Fund Balances - Beginning of year	2,156,126	-	-	35,780	786,204
Fund Balances (Deficit) - End of year	<u>\$ 799,731</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (156,240)</u>	<u>\$ 1,061,054</u>

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2003

DPW & Fire Building	Other Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 1,337,306	\$ 7,391,143
-	413,390	413,390
-	21,333	2,725,573
-	71,415	71,415
-	49,480	49,480
-	-	559,959
-	-	245,140
-	-	55,161
-	-	327,717
-	19,125	96,699
-	31,396	31,396
18,422	42,156	176,279
-	22,566	251,000
18,422	2,008,167	12,394,352
-	-	17,089
-	-	377,199
-	-	180,468
-	-	107,620
-	14,016	270,998
-	229,313	683,723
-	-	552,620
-	109,480	332,813
-	-	51,005
-	-	195,994
-	3,990	352,959
-	74,323	402,755
167,047	113,701	931,685
-	-	211,862
-	154,982	154,982
-	258,071	2,834,119
-	420,897	420,897
-	-	116,634
1,601,426	233,559	2,971,368
-	5,200	5,200
-	300	300
-	-	447,805
-	-	2,745,281
-	960,000	960,000
-	613,606	613,606
1,768,473	3,191,438	15,938,982
(1,750,051)	(1,183,271)	(3,544,630)
-	2,054,078	5,441,395
-	(1,391,821)	(5,441,395)
-	662,257	-
(1,750,051)	(521,014)	(3,544,630)
2,025,698	2,887,330	7,891,138
<u>\$ 275,647</u>	<u>\$ 2,366,316</u>	<u>\$ 4,346,508</u>

City of Wixom, Michigan

Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2003

Net Change in Fund Balances - Total Governmental Funds \$ (3,544,630)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation 2,325,067

Revenue reported in the statement of activities that does not provide current financial resources and is not reported as revenue in the governmental funds (GASB No. 33) 128,696

Accrued interest payable is recorded when due in governmental funds 11,694

Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt) 960,000

Capital contribution amount from developers 206,220

Increase in accumulated employee sick and vacation pay, as well as estimated general liability claims, are recorded when earned in the statement of activities (399)

Change in Net Assets of Governmental Activities \$ 86,648

City of Wixom, Michigan

Proprietary Funds Statement of Net Assets June 30, 2003

	Enterprise Funds		
	Water	Sewer	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 432,404	\$ 9,816,936	\$ 10,249,340
Receivable - Net	421,112	381,456	802,568
Due from other funds	266,101	-	266,101
Inventories	32,151	129,486	161,637
Total current assets	1,151,768	10,327,878	11,479,646
Noncurrent assets:			
Restricted assets	304,723	906,313	1,211,036
Capital assets	36,201,823	21,172,947	57,374,770
Total noncurrent assets	36,506,546	22,079,260	58,585,806
Total assets	37,658,314	32,407,138	70,065,452
Liabilities			
Current liabilities:			
Accounts payable	349,497	145,152	494,649
Accrued and other liabilities	47,975	-	47,975
Accrued interest payable	109,524	-	109,524
Due to other funds	-	312,435	312,435
Current portion of long-term debt	794,037	435,000	1,229,037
Total current liabilities	1,301,033	892,587	2,193,620
Current liabilities payable from restricted assets	-	23,340	23,340
Noncurrent liabilities:			
Customer's deposit	-	368,916	368,916
Long-term debt - Net of current portion	15,435,219	1,835,000	17,270,219
Total noncurrent liabilities	15,435,219	2,203,916	17,639,135
Total liabilities	16,736,252	3,119,843	19,856,095
Net Assets			
Investment in capital assets - Net of related debt	19,972,567	18,902,947	38,875,514
Restricted	304,723	906,313	1,211,036
Unrestricted	644,772	9,478,035	10,122,807
Total net assets	<u>\$ 20,922,062</u>	<u>\$ 29,287,295</u>	<u>\$ 50,209,357</u>

City of Wixom, Michigan

Proprietary Funds Statement of Revenues, Expenses, and Changes in Net Assets Year Ended June 30, 2003

	Enterprise Fund		
	Water	Sewer	Total
Operating Revenues			
Water sales	\$ 1,613,525	\$ -	\$ 1,613,525
Sewage disposal	-	963,371	963,371
Other miscellaneous charges	-	1,262	1,262
Total operating revenues	1,613,525	964,633	2,578,158
Operating Expenses			
Cost of water	1,615,410	-	1,615,410
Cost of sewage disposal	-	862,582	862,582
General and administrative	35,012	37,686	72,698
Televising and cleaning	-	58,028	58,028
Depreciation	579,515	594,590	1,174,105
Total operating expenses	2,229,937	1,552,886	3,782,823
Operating Loss	(616,412)	(588,253)	(1,204,665)
Nonoperating Revenue (Expense)			
Property taxes	1,276,019	-	1,276,019
County and other grants	5,291	51,899	57,190
Interest income	11,509	112,976	124,485
Interest expense	(439,844)	(177,797)	(617,641)
Total nonoperating revenue (expense)	852,975	(12,922)	840,053
Income (Loss) - Before contributions	236,563	(601,175)	(364,612)
Capital Contribution	(47,633)	405,068	357,435
Lines Donated by Developers	576,820	135,470	712,290
Total capital contributions	529,187	540,538	1,069,725
Change in Net Assets	765,750	(60,637)	705,113
Net Assets - Beginning of year	20,156,312	29,347,932	49,504,244
Net Assets - End of year	<u>\$ 20,922,062</u>	<u>\$ 29,287,295</u>	<u>\$ 50,209,357</u>

City of Wixom, Michigan

Proprietary Funds Statement of Cash Flows Year Ended June 30, 2003

	Enterprise Funds		
	Water	Sewer	Total
Cash Flows from Operating Activities			
Receipts from customers	\$ 1,496,590	\$ 1,078,031	\$ 2,574,621
Payments to Earth Tech Operating System and suppliers	(2,039,290)	(1,028,076)	(3,067,366)
Payments for inventory	23,633	(1,517)	22,116
Internal activity - Payments to other funds	(114,745)	310,175	195,430
Net cash provided by (used in) operating activities	(633,812)	358,613	(275,199)
Cash Flows from Capital and Related Financing Activities			
Property taxes	1,276,019	-	1,276,019
Grants and other income	5,289	51,899	57,188
Purchase of capital assets	(640,370)	(397,423)	(1,037,793)
Proceeds from issuance of long-term debt	512,130	-	512,130
Other deposits	-	24,563	24,563
Connection fees	(47,633)	405,068	357,435
Interest paid on long-term debt	(464,274)	(151,676)	(615,950)
Principal paid on long-term debt	(739,217)	(435,000)	(1,174,217)
Net cash used in capital and related financing activities	(98,056)	(502,569)	(600,625)
Cash Flows from Investing Activities - Interest received on investments	11,509	112,976	124,485
Net Decrease in Cash and Cash Equivalents	(720,359)	(30,980)	(751,339)
Cash and Cash Equivalents - Beginning of year	1,457,486	10,754,229	12,211,715
Cash and Cash Equivalents - End of year	\$ 737,127	\$ 10,723,249	\$ 11,460,376
Balance Sheet Classification of Cash and Cash Equivalents			
Cash and investments	\$ 432,404	\$ 9,816,936	\$ 10,249,340
Restricted investments (Note 3)	304,723	906,313	1,211,036
Less amounts classified as investments (Note 1)	-	-	-
Total cash and cash equivalents	\$ 737,127	\$ 10,723,249	\$ 11,460,376
Reconciliation of Operating Loss to Net Cash from Operating Activities			
Operating loss	\$ (616,412)	\$ (588,253)	\$ (1,204,665)
Adjustments to reconcile operating loss to net cash from operating activities:			
Depreciation and amortization	579,515	594,590	1,174,105
Changes in assets and liabilities:			
Receivables	(116,935)	113,398	(3,537)
Accounts payable	(388,868)	(69,780)	(458,648)
Inventories	23,633	(1,517)	22,116
Due to/from other funds	(114,745)	310,175	195,430
Net cash provided by (used in) operating activities	\$ (633,812)	\$ 358,613	\$ (275,199)

City of Wixom, Michigan

Fiduciary Fund Statement of Net Assets June 30, 2003

	Agency Fund - Trust and Agency
	<hr/>
Assets - Cash and cash equivalents	<u>\$ 4,320,360</u>
Liabilities	
Deposits and other liabilities	\$ 4,179,523
Due to other governmental units	<hr/> 140,837
Total liabilities	<u>\$ 4,320,360</u>

City of Wixom, Michigan

Component Units Statement of Net Assets June 30, 2003

	Downtown Development Authority	Local Development Finance Authority	Library	Totals
Assets				
Cash and investments	\$ 183,527	\$ 1,383,443	\$ 76,943	\$ 1,643,913
Accounts receivable	-	-	9,120	9,120
Capital assets - Net	<u>452,936</u>	<u>-</u>	<u>285,948</u>	<u>738,884</u>
Total assets	636,463	1,383,443	372,011	2,391,917
Liabilities				
Accounts payable	11,273	15,758	6,810	33,841
Accrued and other liabilities	-	6,950	4,244	11,194
Current portion of long-term debt	-	125,000	-	125,000
Long-term debt	<u>44,000</u>	<u>450,000</u>	<u>-</u>	<u>494,000</u>
Total liabilities	<u>55,273</u>	<u>597,708</u>	<u>11,054</u>	<u>664,035</u>
Net Assets				
Investment in capital assets - Net of related debt	408,936	-	285,948	694,884
Unrestricted	<u>172,254</u>	<u>785,735</u>	<u>75,009</u>	<u>1,032,998</u>
Total net assets	<u>\$ 581,190</u>	<u>\$ 785,735</u>	<u>\$ 360,957</u>	<u>\$ 1,727,882</u>

City of Wixom, Michigan

		Program Revenues		
	Expenses	Charges for Services	Operating Grants/Contributions	Capital Grants and Contributions
Downtown Development Authority -				
Public works	\$ 19,501	\$ -	\$ -	\$ -
Local Development Finance Authority				
Public works	560,510	-	-	-
Debt service	30,625	-	-	-
Library - Educational, recreation, and culture	<u>485,084</u>	<u>36,223</u>	<u>458,770</u>	<u>5,200</u>
Total governmental activities	<u>\$ 1,095,720</u>	<u>\$ 36,223</u>	<u>\$ 458,770</u>	<u>\$ 5,200</u>

General revenues:

Property taxes

Interest

Miscellaneous

Total general revenues

Change in Net Assets

Net Assets - Beginning of year

Net Assets - End of year

**Component Units
Statement of Activities
Year Ended June 30, 2003**

Net (Expense) Revenue and Changes in Net Assets			
Local			
Downtown Development Authority	Development Finance Authority	Library	Total
\$ (19,501)	\$ -	\$ -	\$ (19,501)
-	(560,510)	-	(560,510)
-	(30,625)	-	(30,625)
-	-	15,109	15,109
(19,501)	(591,135)	15,109	(595,527)
639	551,101	-	551,740
2,656	19,108	1,025	22,789
-	-	9,646	9,646
3,295	570,209	10,671	584,175
(16,206)	(20,926)	25,780	(11,352)
597,396	806,661	335,177	1,739,234
\$ 581,190	\$ 785,735	\$ 360,957	\$ 1,727,882

Note 1 - Summary of Significant Accounting Policies

The accounting policies of the City of Wixom (the "City") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the City:

Reporting Entity

The City of Wixom is governed by an elected seven-member council. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Although blended component units are legal separate entities, in substance, they are part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government (see discussion below for description).

Blended Component Units - The Building Authority is governed by a board that is appointed by the City Council. Although it is legally separate from the City, it is reported as if it were part of the primary government because its sole purpose is to finance and construct the City's public buildings.

Discretely Presented Component Units - The component unit columns in the government-wide financial statements include the financial data of the City's other component units. They are reported in separate columns to emphasize that they are legally separate from the City. The following component units are included in the reporting entity because the primary government is financially accountable and is able to impose its will on the organization.

- a. The Downtown Development Authority (DDA) was created to correct and prevent deterioration in the downtown district, encourage historical preservation, and to promote economic growth within the downtown district. The DDA's governing body, which consists of 11 individuals, is selected by the City Council. In addition, the DDA's budget is subject to approval by the City Council. The City Council approves the development plans and must approve all modifications to the plan. The City maintains all accounting records for the DDA, whose primary source of funding is from tax increment financing revenues.

Note I - Summary of Significant Accounting Policies (Continued)

- b. The Local Development Finance Authority (LDFA) was created to provide financing for and administer the construction of improvements to roads and infrastructure within the City. The LDFA's governing body, which consists of 22 individuals, is selected by the City Council or appointed by other governmental agencies. In addition, the LDFA's budget is subject to approval by the City Council. The City maintains all accounting records for the LDFA, whose primary source of funding is from tax increment financing revenues.
- c. The Library Board was created to oversee the operations of the City Library. The Library's governing body, which consists of five individuals, is selected by the City Council. In addition, the Library's budget is subject to approval by the City Council and the City maintains all accounting records for the Library. The Library is financed in part by contributions from the City's General Fund.

Related Organizations - No related party transactions with jointly governed organizations exist.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Note 1 - Summary of Significant Accounting Policies (Continued)

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual Enterprise Funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Revenues are recognized in the accounting period in which they become susceptible to accrual - that is, when they become both measurable and available to finance expenditures of the fiscal period. Measurable means the amount of the transaction can be determined and available means collectible within the 60-day period.

On the governmental funds statements, major sources of revenue considered susceptible to accrual are State-shared revenues, community development block grants, federal and State grants, Act 51 revenues, and interest associated with the current fiscal period, and all are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be available only when cash is received by the government.

Note 1 - Summary of Significant Accounting Policies (Continued)

The government reports the following major governmental funds:

General Fund - The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Major Road Fund - The Major Road Fund accounts for the repairs, maintenance, and construction of all the City's major streets. The revenues consist of State-shared gasoline and weight tax collections under provisions of Act 51 of 1951 as amended and contributions from the Major Road Capital Program Fund and Local Road Capital Fund.

Local Road Fund - The Local Road Fund accounts for the repairs, maintenance, and construction of all the City's major streets. The revenues consist of State-shared gasoline and weight tax collections under provisions of Act 51 of 1951 as amended and contributions from the Local Road Capital Fund and the Safety Bike Path Fund.

Major Street Capital Program Fund - The Major Street Capital Program Fund accounts for the repairs and construction of the City's major streets and assists in the funding of the Major Road Fund. The revenues consist of Federal, State and County Grants, State-shared gasoline and weight tax collections, bond proceeds from bonds issued in 1996 and 1997, and investment earnings.

Local Road Capital Fund - The Local Road Capital Fund accounts for the repairs, maintenance, and construction of the City's local and major streets and assists in the funding of the Local Road Fund and Major Road Fund. The revenues consist of a special 15-year tax levy, federal, State and county grants, State-shared gasoline and weight tax collections, and investment earnings.

The government reports the following major proprietary funds:

Water Fund - The Water Fund accounts for the operation and maintenance of the water supply system, capital additions, and retirement of revenue bonds. Financing is provided by user charges and contributions by other funds.

Sewer Fund - The Sewer Fund accounts for the operation and maintenance of the sewage disposal system, capital additions and improvements, and retirement of revenue bonds. Financing is provided by user charges and contributions by other funds and municipalities.

Note 1 - Summary of Significant Accounting Policies (Continued)

Additionally, the government reports the following fund types:

Agency Fund - The Agency Fund accounts for the collection and payment to Oakland County, various school districts, and other taxing authorities of property taxes collected by the City on their behalf. This fund also accounts for assets held by the City as an agent for individuals, private organizations, or other governments. Agency Funds are by nature custodial; therefore, operation results are not measured.

Private-sector standards of accounting issued prior to December 1, 1989 are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The government has elected not to follow private-sector standards issued after November 30, 1989 for its business-type activities.

These financial statements which compile the individual component units can be obtained from the City's office at the following address:

City of Wixom
City Clerk
49045 Pontiac Trail
Wixom, Michigan 48393

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's water and sewer function and various other functions of the government. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

Note 1 - Summary of Significant Accounting Policies (Continued)

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of our proprietary funds relate to charges to customers for sales and services. The Water and Sewer Fund also recognizes the portion of tap fees intended to recover current costs (e.g., labor and materials to hook up new customers) as operating revenue. The portion intended to recover the cost of the infrastructure is recognized as nonoperating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Assets, Liabilities, and Net Assets or Equity

Bank Deposits and Investments - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value. Pooled investment income from the Agency Fund is generally allocated to the General Fund.

Receivables and Payables - In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each July 1 on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on March 1 of the following year, at which time penalties and interest are assessed.

Inventories and Prepaid Items - Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when purchased rather than when consumed due to their immaterial amount. Inventories of proprietary funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

Note 1 - Summary of Significant Accounting Policies (Continued)

Restricted Assets - The revenue bonds of the Enterprise Funds require amounts to be set aside for construction, debt service principal and interest, operations and maintenance, and a bond reserve. These amounts have been classified as restricted assets according to bond covenants.

Capital Assets - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. In general, capital assets are defined by the government as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of two years. Exceptions due to the nature of the fixed asset may require that the fixed asset be recorded for City purposes. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. In the case of infrastructure and assets purchased or constructed prior to June 30, 2003, estimated historical cost was used where actual cost information was not available. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially affect the asset life are not capitalized. Major outlays for capital assets are capitalized as projects are constructed.

Interest incurred during the construction of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. During the current year, no such interest expense was capitalized as part of the cost of assets under construction.

Depreciation of fixed assets used by the City is charged as an expense against its various functions. Depreciation is computed using the straight-line method over the following useful lives:

Roads, sidewalks, and bike paths	15 to 20 years
Water and sewer distribution systems	50 to 75 years
Water and sewer treatment facilities	40 to 50 years
Buildings and building improvements	40 to 50 years
Vehicles	3 to 5 years
Office furnishings	5 to 7 years
Other tools and equipment	3 to 7 years

Note 1 - Summary of Significant Accounting Policies (Continued)

Compensated Absences (Vacation, Compensatory Time Off, and Sick Leave) - It is the government's policy to permit employees to accumulate earned but unused sick, vacation pay benefits, and compensatory time. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay and compensatory time are accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year end.

Long-term Obligations - In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Fund Equity - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make significant estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Note 2 - Stewardship, Compliance, and Accountability

Budgetary Information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund, all Special Revenue Funds, and Capital Project Funds. All annual appropriations lapse at fiscal year end. Financial plans are submitted for all other funds, including Debt Service Funds and Enterprise Funds.

The City follows these procedures in establishing the budgetary data reflected in the supplementary information:

At the first City Council meeting in April, the city manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them. Financial plans for all other funds are also submitted at this time.

Budget sessions and public hearings are conducted by the City Council to review the proposed city manager's budget/financial plans and to obtain taxpayer comments. If required, a Truth-In-Taxation Public Hearing is held at the second City Council meeting in May.

The budget must be formally adopted no later than the second City Council meeting in May when the budget is legally enacted through passage of a Council resolution.

The budget document presents information by fund, function, department, and line items. Budgets are adopted on a modified accrual basis consistent with generally accepted accounting principles. The legal level of budgetary control adopted by the governing body is the department level.

Formal budgetary integration is employed as a management control device during the year for all funds at a line-item level. Administrative control is maintained through the establishment of more detailed line-item budgets. It has been the past practice to request City Council approval of changes in the budget at the line-item level and any transfers between departments. In addition, the city manager informs the City Council of any changes in the financial plan for the Capital Project Funds and Enterprise Funds.

Supplemental appropriations for additional expenditures, which require an appropriation of available fund balance, must be approved by the City Council. Budgeted amounts are as originally adopted or as amended by the City Council during the year. Appropriations for operations lapse at year end. Appropriations for continuing projects are incorporated in the budget of the ensuing year. The City reserves fund balances for these items.

Note 2 - Stewardship, Compliance, and Accountability (Continued)

Significant budget amendments during the year are described briefly below.

General Fund	Original Budget	Amended Budget	Change to Budget
Transfer to Local Road Capital Fund	\$0	\$325,000	\$325,000

Local Road Capital Fund	Original Budget	Amended Budget	Change to Budget
Local Road Program	\$940,166	\$1,256,766	\$316,600

The budget amendment was requested and approved to fund for additional expenditures in the Local Road Capital Fund. The additional expenditures were related to starting the fiscal year 2004 road projects early; thus, expenditures were incurred in fiscal year 2003.

Amounts encumbered for purchase orders, contracts, etc., are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

Excess of Expenditures Over Appropriations in Budgeted Funds - During the year, the City of Wixom incurred expenditures that were in excess of the amounts budgeted, as follows:

Budget Item	Budget	Actual
Local Road Programs	\$ 1,256,766	\$ 1,479,469
Land acquisition expenditures	148,500	155,482

Fund Deficits - At June 30, 2003, the City has a deficit in the Local Road Capital Fund of \$156,240. This is caused because the project is expected to span fiscal years; work on the project started early, which resulted in more expenditures being incurred in the fiscal year ended June 30, 2003. The City expects the deficit to be eliminated in the fiscal year ending June 30, 2004, when the resources will be provided to complete the project.

Compliance with the Single Audit Act Amendments of 1996 - After examination by the auditors, a compliance audit in accordance with the Single Audit Act was not necessary since the City did meet the threshold requirement.

Note 2 - Stewardship, Compliance, and Accountability (Continued)

Construction Code Fees - The City oversees building construction in accordance with the State's Construction Code Act, including inspection of building construction and renovation to ensure compliance with the building codes. The City charges fees for these services. The law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs. Since direct costs exceed building permit revenue, it was not necessary to calculate and allocate indirect costs. A summary of the current year and the cumulative shortfall generated since January 1, 2000 is as follows:

Shortfall at July 1, 2002		\$ (222,620)
Building permit revenue		258,037
Related expenses:		
Direct costs	\$ 529,758	
Estimated indirect costs	<u>-</u>	
Total construction code expenses		<u>529,758</u>
Cumulative shortfall at June 30, 2003		<u><u>\$ (494,341)</u></u>

Note 3 - Deposits and Investments

Michigan Compiled Laws, Section 129.91 authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications that matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions that are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The governing body has designated two banks for the deposit of Local Unit funds. The investment policy adopted by the City in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government, bank accounts, and CDs, but not the remainder of State statutory authority as listed above.

Note 3 - Deposits and Investments (Continued)

The City of Wixom's deposits and investment policy are in accordance with statutory authority.

At year end, the deposits and investments were reported in the basic financial statements in the following categories:

	Governmental Activities	Business-type Activities	Fiduciary Funds	Total Primary Government	Component Units
Cash and investments	\$ 5,057,692	\$ 10,249,340	\$ 4,320,360	\$ 19,627,392	\$ 1,643,913
Restricted assets	59,028	1,211,036	-	1,270,064	-
Total	<u>\$ 5,116,720</u>	<u>\$ 11,460,376</u>	<u>\$ 4,320,360</u>	<u>\$ 20,897,456</u>	<u>\$ 1,643,913</u>

The breakdown between deposits and investments for the City of Wixom is as follows:

	Primary Government	Component Units
Bank deposits (checking accounts, savings accounts, and certificates of deposit)	\$ 715,527	\$ -
Bank investment pools	7,338,621	1,643,813
Mutual funds	12,842,258	-
Petty cash or cash on hand	1,050	100
Total	<u>\$ 20,897,456</u>	<u>\$ 1,643,913</u>

The bank balance of the primary government's deposits is \$574,689, of which \$200,000 is covered by federal depository insurance.

Investments not subject to categorization are not evidenced by securities that exist in physical or book entry form. The bank investment pools and mutual funds are not categorized because they are not evidenced by securities that exist in physical or book entry form. The mutual funds are registered with the SEC. The bank investment pools are regulated by the Michigan Banking Act. The fair value of the position in the bank investment pools is the same as the value of the pool shares.

Note 4 - Receivables

Receivables as of year end for the City of Wixom's individual major funds and the nonmajor, service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Major Road Fund	Local Road Fund	Nonmajor and Other Funds	Total
Receivables:					
Taxes	\$ 232,892	\$ -	\$ -	\$ 31,220	\$ 264,112
Accounts	30,601	-	-	60,556	91,157
Intergovernmental	238,146	43,713	18,378	-	300,237
Grants and other	124,855	-	-	-	124,855
Less allowance for uncollectibles	(46,578)	-	-	(5,215)	(51,793)
Net receivables	<u>\$ 579,916</u>	<u>\$ 43,713</u>	<u>\$ 18,378</u>	<u>\$ 86,561</u>	<u>\$ 728,568</u>

Governmental funds report deferred revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	Unavailable	Unearned
Delinquent property taxes	\$ 186,314	\$ -
Delinquent solid waste charges	20,859	-
Grant and categorical aid payment received prior to meeting all eligibility requirements	81,099	-
Total	<u>\$ 288,272</u>	<u>\$ -</u>

Note 5 - Capital Assets

Capital asset activity of the primary government's governmental and business-type activities was as follows:

	Balance July 1, 2002	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2003
Governmental Activities					
Capital assets not being depreciated:					
Land	\$ 5,998,899	\$ -	\$ 122,701	\$ (2,500)	\$ 6,119,100
Construction in progress	1,256,409	(1,256,409)	-	-	-
Subtotal	7,255,308	(1,256,409)	122,701	(2,500)	6,119,100
Capital assets being depreciated:					
Roads and sidewalks	44,919,362	-	3,181,503	-	48,100,865
Buildings and improvements	8,095,860	1,256,409	1,894,739	(11,753)	11,235,255
Vehicles	2,440,024	-	315,268	-	2,755,292
Office furnishings	693,286	-	37,212	(1,316)	729,182
Stormwater	-	-	206,220	-	206,220
Other tools and equipment	2,299,117	-	394,754	(12,313)	2,681,558
Subtotal	58,447,649	1,256,409	6,029,696	(25,382)	65,708,372
Accumulated depreciation:					
Roads, sidewalks, and bike paths	22,827,529	-	2,474,967	-	25,302,496
Buildings and improvements	2,412,341	-	235,573	(11,753)	2,636,161
Vehicles	1,820,297	-	136,120	-	1,956,417
Office furnishings	510,471	-	35,922	(1,820)	544,573
Stormwater	-	-	2,101	-	2,101
Other tools and equipment	1,539,064	-	207,480	(14,403)	1,732,141
Subtotal	29,109,702	-	3,092,163	(27,976)	32,173,889
Net capital assets being depreciated	29,337,947	1,256,409	2,937,533	2,594	33,534,483
Net capital assets	\$ 36,593,255	\$ -	\$ 3,060,234	\$ 94	\$ 39,653,583

Note 5 - Capital Assets (Continued)

	Balance July 1, 2002	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2003
Business-type Activities					
Capital assets not being depreciated:					
Land	\$ -	\$ -	\$ -	\$ -	\$ -
Construction in progress	-	-	-	-	-
Subtotal	-	-	-	-	-
Capital assets being depreciated:					
Water and sewer distribution systems	45,309,124	(42,870)	1,614,634	-	46,880,888
Buildings and building improvements	19,549,151	41,300	108,223	-	19,698,674
Office furnishings	67,444	-	-	-	67,444
Other tools and equipment	1,492,408	1,570	27,226	-	1,521,204
Subtotal	66,418,127	-	1,750,083	-	68,168,210
Accumulated depreciation:					
Water and sewer distribution systems	4,335,856	-	726,493	-	5,062,349
Buildings and building improvements	4,110,502	-	405,300	-	4,515,802
Office furnishings	67,444	-	-	-	67,444
Other tools and equipment	1,105,537	-	42,308	-	1,147,845
Subtotal	9,619,339	-	1,174,101	-	10,793,440
Net capital assets being depreciated	56,798,788	-	575,982	-	57,374,770
Net capital assets	\$ 56,798,788	\$ -	\$ 575,982	\$ -	\$ 57,374,770

Note 5 - Capital Assets (Continued)

Component Units	Balance July 1, 2002	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2003
Capital assets not being depreciated:					
Land - DDA	\$ 154,296	\$ -	\$ -	\$ -	\$ 154,296
Construction in progress-DDA	5,237	-	68,588	-	73,825
Subtotal	159,533	-	68,588	-	228,121
Capital assets being depreciated:					
Books and periodicals - Library	365,162	-	58,506	-	423,668
Office furnishings - Library	7,306	-	-	-	7,306
Other tools and equipment - Library	74,067	-	7,450	5,205	76,312
Subtotal Library	446,535	-	65,956	5,205	507,286
Buildings and improvements - DDA	318,199	-	-	-	318,199
Other tools and equipment - DDA	60,913	-	-	-	60,913
Subtotal DDA	379,112	-	-	-	379,112
Subtotal	825,647	-	65,956	5,205	886,398
Accumulated depreciation:					
Books and periodicals - Library	126,019	-	34,974	-	160,993
Office furnishings - Library	2,280	-	751	-	3,031
Other tools and equipment - Library	47,719	-	9,596	-	57,315
Subtotal Library	176,018	-	45,321	-	221,339
Buildings and improvements - DDA	93,174	-	15,823	-	108,997
Other tools and equipment - DDA	42,352	-	2,947	-	45,299
Subtotal DDA	135,526	-	18,770	-	154,296
Subtotal	311,544	-	64,091	-	375,635
Net capital assets being depreciated	514,103	-	1,865	5,205	510,763
Net capital assets	\$ 673,636	\$ -	\$ 70,453	\$ 5,205	\$ 738,884

Note 5 - Capital Assets (Continued)

Depreciation expense was charged to programs of the primary government as follows:

Governmental activities:

General government	\$ 272,526
Public safety	181,163
Public works	106,420
Public works (Roads, sidewalks, and bike paths)	2,474,966
Recreation, culture, and educational	<u>57,088</u>

Total governmental activities	<u>\$ 3,092,163</u>
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Business-type activities:

Water	\$ 579,515
Sewer	<u>594,586</u>

Total business-type activities	<u>\$ 1,174,101</u>
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Component units activities:

DDA	\$ 18,770
Library	<u>45,321</u>

Total component units activities	<u>\$ 64,091</u>
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Construction Commitments - The City has active construction projects at year end. The projects include the water bond issue and the water project and local road projects. At year end, the City of Wixom's commitments with contractors are as follows:

	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Street project	\$ 1,294,335	\$ 566,297
Other projects	95,511	28,946
Water line extension	<u>826,446</u>	<u>459,405</u>
Total	<u>\$ 2,216,292</u>	<u>\$ 1,054,649</u>

Note 6 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
Due to/from other funds:		
General Fund	Sewer Fund	\$ 312,435
	Capital Planning Fund	113,506
	DPW & Fire Building Debt Service Fund	550,064
	Other governmental funds	124,933
Major Street Capital Program Fund	General Fund	1,208,313
Capital Improvement Fund	General Fund	255,560
Other funds	General Fund	64,563
		<u>2,629,374</u>
Total governmental activities		
		2,629,374
Water Fund	General Fund	266,101
		<u>266,101</u>
Total		<u>\$ 2,895,476</u>

Interfund Transfers

Fund Transferred From	Fund Transferred To	Amount
General Fund	Capital Planning Fund	\$ 910,000
	Local Road Capital Fund	325,000
	Retirees	50,000
	Capital Improvement Fund	28,000
Major Road Fund	Local Road Fund	122,261
	Major Street Capital Program Fund	122,165
Local Road Fund	Local Road Capital Fund	72,611
Local Road Capital Fund	Major Road Fund	1,196,239
	Local Road Fund	283,230
Major Road Capital Program Fund	Major Road Fund	940,068
Community Development Fund	Capital Improvement Fund	55,795
Capital Improvement Fund	Safety Path Fund	100,000
Safety Path Fund	Local Road Fund	325,743
Capital Planning Fund	Capital Improvement Fund	909,983
Cemetery Fund	Capital Improvement Fund	300
		<u>5,441,395</u>
Total		<u>\$ 5,441,395</u>

Note 7 - Long-term Debt

The government issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets to pay debt service.

Long-term obligation activity can be summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities - General obligation bonds:					
Civic Center bonds	\$ 3,165,000	\$ -	\$ 460,000	\$ 2,705,000	\$ 455,000
Major Road Series I bonds	3,210,000	-	115,000	3,095,000	115,000
Major Road Series II bonds	4,050,000	-	300,000	3,750,000	350,000
DPW & Fire Construction bonds	2,545,000	-	85,000	2,460,000	105,000
Total governmental activities	<u>\$ 12,970,000</u>	<u>\$ -</u>	<u>\$ 960,000</u>	<u>\$ 12,010,000</u>	<u>\$ 1,025,000</u>
Business-type activities:					
General obligation bonds:					
Water SRF Series 1 bonds	\$ 3,386,753	\$ -	\$ 154,218	\$ 3,232,535	\$ 159,037
Water SRF Series 2 bonds	5,695,000	-	255,000	5,440,000	260,000
Water SRF Series 3 bonds	6,039,481	512,130	310,000	6,241,611	320,000
Water Series 4 bonds	1,335,110	-	20,000	1,315,110	55,000
Subtotal	16,456,344	512,130	739,218	16,229,256	794,037
Revenue bond - Wastewater bonds	2,885,000	-	435,000	2,450,000	435,000
Less unamortized bond discount and deferral on loss on advanced refunding	(210,000)	30,000	-	(180,000)	-
Total business-type activities	<u>\$ 19,131,344</u>	<u>\$ 542,130</u>	<u>\$ 1,174,218</u>	<u>\$ 18,499,256</u>	<u>\$ 1,229,037</u>
Component unit activities - General obligation bonds:					
LDFA bonds	\$ 675,000	\$ -	\$ 100,000	\$ 575,000	\$ 125,000
DDA obligation	44,000	-	-	44,000	-
Total component unit activities	<u>\$ 719,000</u>	<u>\$ -</u>	<u>\$ 100,000</u>	<u>\$ 619,000</u>	<u>\$ 125,000</u>

Note 7 - Long-term Debt (Continued)

Annual debt service requirements to maturity for the above governmental bond and note obligations are as follows:

Years Ending June 30	Governmental Activities			Business-type Activities			Component Units		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2004	\$ 1,025,000	\$ 557,219	\$ 1,582,219	\$ 1,235,000	\$ 572,742	\$ 1,807,742	\$ 169,000	\$ 24,362	\$ 193,362
2005	1,090,000	512,757	1,602,757	1,255,000	527,310	1,782,310	150,000	16,649	166,649
2006	1,160,000	465,101	1,625,101	1,280,000	480,590	1,760,590	150,000	9,281	159,281
2007	1,220,000	413,996	1,633,996	1,305,000	432,824	1,737,824	150,000	3,094	153,094
2008	1,295,000	357,836	1,652,836	1,330,000	383,634	1,713,634	-	-	-
2009-2013	5,120,000	925,971	6,045,971	5,100,000	1,401,592	6,501,592	-	-	-
2014-2018	1,100,000	54,727	1,154,727	5,440,000	702,097	6,142,097	-	-	-
2019-2020	-	-	-	2,365,000	68,322	2,433,322	-	-	-
Less amounts not yet drawn down	-	-	-	(630,744)	-	(630,744)	-	-	-
Total	\$ 12,010,000	\$ 3,287,607	\$ 15,297,607	\$ 18,679,256	\$ 4,569,111	\$ 23,248,367	\$ 619,000	\$ 53,386	\$ 672,386

Defeased Debt - During 2001, the City defeased certain Civic Center Improvement Bonds by placing surplus cash in an irrevocable trust to provide for all future debt service payments on the old bond. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the general purpose financial statements. At June 30, 2003, \$2,850,000 of Civic Center Improvement Bonds outstanding are considered defeased.

Revenue Bonds - The revenue bonds include covenants to set rates at an appropriate amount to meet a 1.25 debt coverage ratio and to set aside amounts in a bond reserve account. As of June 30, 2003, the City is in compliance with these requirements.

No Commitment Debt - Excluded from the General Long-term Debt Account Group are bonds issued under the Industrial Development Revenue Bond Act of 1963, as amended, which authorizes municipalities to acquire and lease industrial sites, buildings, and equipment. Also excluded are revenue bonds issued by the Economic Development Corporation to acquire and lease property to third parties. The revenue bonds issued are payable solely from the net revenue derived from the respective leases and are not a general obligation of the City. After these bonds are issued, all financial activity is taken over by the paying agent. The bonds and related lease contracts are not reflected in the City's financial statements.

Note 8 - Restricted Assets

The balances of the restricted asset accounts are as follows:

	Governmental Activities	Business-type Activities
Customer and other deposits	\$ 59,027	\$ 375,605
Revenue bond restrictions - Bond reserve and redemption	-	835,432
Total restricted assets	<u>\$ 59,027</u>	<u>\$ 1,211,037</u>

Note 9 - Risk Management

The City is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The City has purchased commercial insurance for employee health benefits claims, participates in the Michigan Municipal Risk Management Authority risk pool for claims relating to property loss, torts, and errors and omissions, and participates in the Michigan Municipal League (risk pool) for claims relating to workers' compensation. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan Municipal League risk pool program operates as a common risk-sharing management program for local units of government in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

The Michigan Municipal Risk Management Authority's State Pool program operates as a common risk-sharing management program for local units of government in Michigan; member premiums are used to purchase excess insurance coverage and to pay member claims in excess of deductible amounts. A portion of the excess insurance coverage is underwritten by the Authority itself.

Note 10 - Defined Benefit Pension Plan and Postretirement Benefits

Plan Description - The City participates in the Michigan Municipal Employees' Retirement System (MMERS), an agent multiple-employer defined benefit pension plan that covers substantially all full-time employees of the City. The MMERS provides retirement, disability, and death benefits to plan members and their beneficiaries. The MMERS issues a publicly available financial report that includes financial statements and required supplementary information for the MMERS. The report may be obtained by writing to the MMERS at 1134 Municipal Way, Lansing, MI 48917.

Funding Policy - The obligation to contribute to and maintain the MMERS for these employees was established by negotiation with the City's collective bargaining units and requires a contribution from the employees ranging from 0 percent to 3.7 percent.

Annual Pension Costs - For the year ended June 30, 2003, the City's annual pension cost of \$494,262 for the plan was equal to the required and actual contribution. The annual required contribution was determined as part of an actuarial valuation at December 31, 2000, using the entry actual age cost method. Significant actuarial assumptions used include: (i) an 8 percent investment rate of return; (ii) projected salary increases of 4.50 percent per year; and (iii) 2.50 percent per year cost of living adjustments. Both (i) and (ii) are determined using techniques that smooth the effects of short-term volatility over a four-year period. The unfunded actuarial liability is being amortized as a level percent of payroll on a closed basis. The remaining amortization period is 30 years.

Note 10 - Defined Benefit Pension Plan and Postretirement Benefits (Continued)

Three-year trend information is as follows:

	Fiscal Year Ended June 30		
	2001	2002	2003
General Employees' Retirement System:			
Annual pension costs (APC)	\$ 438,534	\$ 434,180	\$ 494,262
Percentage of APC contributed	100%	100%	100%
Net pension obligation	\$ -	\$ -	\$ -
Actuarial Valuation as of December 31			
	2000	2001	2002
Actuarial value of assets	\$ 6,411,652	\$ 7,081,663	\$ 7,651,891
Actuarial accrued liability (AAL) (entry actual age)	\$ 9,234,584	\$ 10,421,869	\$ 11,413,929
Unfunded AAL (UAAL)	\$ 2,822,932	\$ 3,340,206	\$ 3,762,038
Funded ratio	69%	68%	67%
Covered payroll	\$ 2,588,272	\$ 2,848,631	\$ 3,079,130
UAAL as a percentage of covered payroll	109%	117%	122%

Deferred Compensation Plan

The City offers an employee-only contributing deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all permanent City employees, permits each employee to defer a portion of their salary until future years. The deferred compensation is not available for distribution to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan with VALIC, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights, are held in trust, for the exclusive benefit of the plan participants and their beneficiaries. The assets shall not be diverted for any other purpose. All provisions of the plan and trust are in conformance with Internal Revenue Code Section 457.

The plan's funds are excluded from the financial statements in conformance with the reporting and disclosure requirements in GASB Statement Number 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*.

Note 11 - Contingent Liabilities

The City is currently named in two pending lawsuits and several property tax appeals. Management is aggressively defending the City in these matters and has not accrued any settlement reserves. As of the date of this report, it is too early in the litigation process for legal counsel to determine the outcomes of these matters.

Note 12 - Other Postemployment Benefits

The government has elected to provide postemployment health benefits to certain retirees and their beneficiaries. The City pays the cost of coverage for these benefits as shown in the table below if the retiree meets the service requirements of the City's retirement plan. Currently, four retirees are eligible for postemployment health benefits. For the fiscal year ended June 30, 2003, the City made payments for postemployment health benefit premiums of \$16,218. The government obtains health care coverage through private insurers.

Employee Classification	Monthly City Contribution Until Age 65	Monthly City Contribution After Age 65
Non-union	\$300	N/A
Police officers	\$600	\$400
Police sergeants	\$600	\$400
Clerical	\$150	N/A
DPW	\$300	N/A

Note 13 - Regional Authority Cooperative Ventures

The City is a member of the Western Oakland County Cable Communication Authority (the "Authority"), a cooperative venture of western Oakland County communities. The City appoints one member to the Authority's governing board, which then approves the annual budget. The Authority receives a management fee from the cable television company and currently does not receive a subsidy from the City. Complete financial statements for the Authority can be obtained from the administrative offices at 3978 Chanda Court, Highland, Michigan 48031.

Note 13 - Regional Authority Cooperative Ventures (Continued)

The City is also a member of the Resource Recovery and Recycling Authority of Southwest Oakland County (the "Recycling Authority"). The Recycling Authority is incorporated by the cities of Farmington, Farmington Hills, Novi, South Lyon, Southfield, Walled Lake, Wixom, and the Charter Township of Lyon. The City appoints one member to the Recycling Authority's governing board, which then approves the annual budget. The Recycling Authority receives its operating revenue from member contributions and miscellaneous income. During the year, the City contributed approximately \$32,600 for its operations. Complete financial statements for the Recycling Authority can be obtained from the administrative offices at 2000 West Eight Mile, Southfield, Michigan 48375.

For both the Western Oakland County Cable Communication Authority and the Resource Recovery and Recycling Authority of Southwest Oakland County, the City is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future.

Note 14 - Brownfield Redevelopment Authority

The Brownfield Redevelopment Authority was established pursuant to Public Act 381 of 1996 and is governed by the Oakland County Brownsfield Redevelopment Authority. Upon completion of its purpose, the Authority may be dissolved by resolution of the City Council.

Note 15 - Accounting and Reporting Change

GASB Statement No. 34

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. The City has applied the provisions of this statement in the accompanying financial statements (including the notes to the financial statements). The City has elected to implement both the general provisions of the statement and the retroactive reporting of the infrastructure in the current year. Certain significant changes in the statement include the following:

- A management's discussion and analysis (MD&A) section providing an analysis of the City's overall financial position and results of operations
- Financial statements prepared using full accrual accounting for all of the City's activities, including infrastructure (roads, sidewalks, etc.)
- A change in the fund financial statements to focus on the major funds

Note 15 - Accounting and Reporting Change (Continued)

- Capital assets in the governmental activities column of the statement of net assets includes infrastructure assets (roads, sidewalks, etc.) not previously accounted for by the City as well as assets that would previously have been reported in the General Fixed Assets Account Group.
- The governmental activities column includes bonds and other long-term obligations totaling approximately \$12,309,296 previously reported in the General Long-term Debt Account Group.

Required Supplemental Information

City of Wixom, Michigan

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended June 30, 2003

	Original Budget	Amended Budget	Actual	Variance With Amended Budget
Fund Balance - Beginning of year	\$ 2,156,126	\$ 2,156,126	\$ 2,156,126	\$ -
Resources (inflows):				
Property taxes	5,176,808	5,149,237	5,165,587	16,350
State sources	1,335,851	1,253,268	1,475,681	222,413
Fees and permits	425,572	309,390	294,042	(15,348)
Miscellaneous revenues	815,436	707,581	700,650	(6,931)
Transfer from other funds	671,610	671,620	500,988	(170,632)
Amounts available for appropriation	8,425,277	8,091,096	8,136,948	45,852
Charges to appropriations (outflows):				
General government:				
City council	25,126	25,126	17,089	8,037
City manager	378,924	395,815	377,199	18,616
Assessor	177,648	183,018	180,468	2,550
Legal counsel	157,200	227,000	211,862	15,138
Clerk's office	210,057	214,049	195,994	18,055
Information systems	138,950	138,950	116,634	22,316
Financial administration	374,559	379,534	348,968	30,566
General operating	413,763	351,584	328,432	23,152
General maintenance	51,813	51,813	51,005	808
Boards and commissions	1,200	1,200	1,023	177
Cultural and recreational:				
Community services	264,315	274,780	256,982	17,798
Parks and recreation	440,737	496,501	454,410	42,091
Seniors	38,800	38,800	30,427	8,373
Beautification	18,500	18,500	18,455	45
Engineering services:				
Public services	209,119	243,147	223,333	19,814
Planning	62,230	62,230	50,717	11,513
Public safety:				
Fire	622,624	673,436	650,937	22,499
Police	2,719,213	2,736,053	2,576,048	160,005
Building	522,765	563,335	552,620	10,715
Board of Appeals	10,200	10,200	6,998	3,202
Emergency management	1,000	1,000	-	1,000
Public works - DPW	1,134,252	1,136,690	1,082,937	53,753
Transfers to other funds:				
Library	447,805	447,805	447,805	-
Capital improvement	-	28,000	28,000	-
Capital planning	910,000	910,000	910,000	-
Retiree insurance	50,000	50,000	50,000	-
Local road projects	-	325,000	325,000	-
Total charges to appropriations	9,380,800	9,983,566	9,493,343	490,223
Fund Balance - End of year	\$ 1,200,603	\$ 263,656	799,731	\$ 536,075

City of Wixom, Michigan

Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds Year Ended June 30, 2003

	Original Budget	Amended Budget	Actual	Variance With Amended Budget
Major Road Fund				
Fund Balance - Beginning of year	\$ -	\$ -	\$ -	\$ -
Resources (inflows):				
State revenue	210,220	210,220	206,722	(3,498)
Transfer from other funds	<u>1,516,517</u>	<u>1,833,117</u>	<u>731,234</u>	<u>(1,101,883)</u>
Amounts available for appropriation	1,726,737	2,043,337	937,956	(1,105,381)
Charges to appropriations (outflows):				
Public works				
Interfund transfers	-	-	72,611	(72,611)
Administrative	46,900	46,900	44,596	2,304
Garage maintenance	38,500	38,500	3,256	35,244
Construction	1,280,967	1,597,567	608,974	988,593
Routine maintenance	287,590	285,590	156,837	128,753
Traffic service	12,780	12,780	4,475	8,305
Snow and ice removal	<u>60,000</u>	<u>62,000</u>	<u>47,207</u>	<u>14,793</u>
Total charges to appropriations	<u>1,726,737</u>	<u>2,043,337</u>	<u>937,956</u>	<u>1,105,381</u>
Fund Balance - End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Wixom, Michigan

Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds Year Ended June 30, 2003

	Original Budget	Amended Budget	Actual	Variance With Amended Budget
Local Road Fund				
Fund Balance - Beginning of year	\$ -	\$ -	\$ -	-
Resources (inflows):				
State revenue	461,400	461,400	489,043	27,643
Transfer from other funds	5,920,628	7,161,655	2,136,306	(5,025,349)
Amounts available for appropriation	6,382,028	7,623,055	2,625,349	(4,997,706)
Charges to appropriations (outflows):				
Public works				
Interfund transfers	-	122,261	244,426	(122,165)
Administrative	43,700	43,700	44,596	(896)
Garage maintenance	9,889	9,889	3,256	6,633
Construction	5,976,768	7,095,534	2,136,306	4,959,228
Routine maintenance	250,480	250,480	118,553	131,927
Traffic service	39,250	39,250	36,249	3,001
Snow and ice removal	61,941	61,941	41,963	19,978
Total charges to appropriations	6,382,028	7,623,055	2,625,349	4,997,706
Fund Balance - End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Wixom, Michigan

Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds Year Ended June 30, 2003

	Original Budget	Amended Budget	Actual	Variance With Amended Budget
Major Street Capital Program Fund				
Fund Balance - Beginning of year	\$ 773,268	\$ 773,286	\$ 786,204	\$ 12,918
Resources (inflows):				
Federal/State revenue	4,637,600	4,637,600	532,793	(4,104,807)
Contribution - Act 51 Major Road	-	-	122,165	122,165
Contribution - LDFA Capital	565,900	565,900	559,959	(5,941)
Amounts available for appropriation	5,203,500	5,203,500	1,214,917	(3,988,583)
Charges to appropriations (outflows) - Major road programs	5,976,768	5,976,768	940,068	5,036,700
Fund Balance - End of year	<u>\$ -</u>	<u>\$ 18</u>	<u>\$ 1,061,053</u>	<u>\$ 1,061,035</u>

City of Wixom, Michigan

Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds Year Ended June 30, 2003

	Original Budget	Amended Budget	Actual	Variance With Amended Budget
Local Road Capital Fund				
Fund Balance - Beginning of year	\$ 176,230	\$ 176,230	\$ 35,780	(140,450)
Resources (inflows):				
Real property taxes	891,885	879,676	888,250	8,574
Interest income	5,000	1,587	1,587	-
Contribution - General Fund	-	325,000	325,000	-
Contribution - Local roads	-	-	72,611	72,611
Amounts available for appropriation	896,885	1,206,263	1,287,448	81,185
Charges to appropriations (outflows) - Local road programs	940,166	1,256,766	1,479,469	(222,703)
Fund Balance - End of year	<u><u>\$ 132,949</u></u>	<u><u>\$ 125,727</u></u>	<u><u>\$ (156,241)</u></u>	<u><u>\$ (281,968)</u></u>

Other Supplemental Information

City of Wixom, Michigan

	Nonmajor Special Revenue Funds					
	Community Development	Land Acquisition	Capital Improvement	Capital Planning	Forfeiture	Retirees
Assets						
Cash and investments	\$ -	\$ 52,224	\$ -	\$ 1,467,576	\$ 7,719	\$ 245,768
Receivables - Net	57,795	1,020	-	-	-	1,741
Due from other funds	-	-	255,560	-	-	2,926
Total assets	<u>\$ 57,795</u>	<u>\$ 53,244</u>	<u>\$ 255,560</u>	<u>\$ 1,467,576</u>	<u>\$ 7,719</u>	<u>\$ 250,435</u>
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ -	\$ 9,147	\$ 255,560	\$ -	\$ -	\$ -
Accrued and other liabilities	-	-	-	-	-	-
Due to other funds	57,795	622	-	113,507	-	-
Total liabilities	57,795	9,769	255,560	113,507	-	-
Fund Balances - Unreserved						
Special Revenue Funds	-	43,475	-	1,354,069	7,719	250,435
Debt Service Funds	-	-	-	-	-	-
Total liabilities and fund balances	<u>\$ 57,795</u>	<u>\$ 53,244</u>	<u>\$ 255,560</u>	<u>\$ 1,467,576</u>	<u>\$ 7,719</u>	<u>\$ 250,435</u>

**Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2003**

Debt Service Funds						Total Nonmajor Governmental Funds
Safety Path	Solid Waste	Cemetery	Civic Center	Major Road	DPW & Fire Building	
\$ 181,754	\$ 25,429	\$ 49,940	\$ 99,087	\$ 339,064	\$ 582,516	\$ 3,051,077
-	5,145	-	-	-	-	65,701
25,637	2,337	-	1,500	2,441	-	290,401
\$ 207,391	\$ 32,911	\$ 49,940	\$ 100,587	\$ 341,505	\$ 582,516	\$ 3,407,179
\$ 21,399	\$ 32,677	\$ -	\$ -	\$ -	\$ -	\$ 318,783
92	-	-	-	-	-	92
-	-	-	-	-	550,064	721,988
21,491	32,677	-	-	-	550,064	1,040,863
185,900	234	49,940	-	-	-	1,891,772
-	-	-	100,587	341,505	32,452	474,544
\$ 207,391	\$ 32,911	\$ 49,940	\$ 100,587	\$ 341,505	\$ 582,516	\$ 3,407,179

City of Wixom, Michigan

	Nonmajor Special Revenue Funds						
	Community Development	Land Acquisition	Capital Improvement	Capital Planning	Forfeiture	Retirees	Safety Path
Revenues							
Property taxes	\$ -	\$ (1,222)	\$ -	\$ -	\$ -	\$ -	\$ 637
Solid waste collection	-	-	-	-	-	-	-
State revenue	-	-	21,333	-	-	-	-
Federal grants	64,245	-	7,170	-	-	-	-
County grants	-	-	49,480	-	-	-	-
Rental income	-	19,125	-	-	-	-	-
Donations	-	-	31,396	-	-	-	-
Interest	-	1,581	-	19,574	22	2,850	2,956
Other revenue	-	-	-	-	6,190	14,714	-
Total revenues	64,245	19,484	109,379	19,574	6,212	17,564	3,593
Expenditures							
Current:							
Cultural center	-	-	14,016	-	-	-	-
Community services/recreation	-	-	229,313	-	-	-	-
Department of Public Service	-	-	109,480	-	-	-	-
Financial administration	-	-	3,990	-	-	-	-
General operating	8,450	500	35,827	-	148	28,818	-
Fire department	-	-	113,701	-	-	-	-
Land acquisition	-	154,982	-	-	-	-	-
Police department	-	-	258,071	-	-	-	-
Solid waste	-	-	-	-	-	-	-
Public works	-	-	233,559	-	-	-	-
Educational	-	-	5,200	-	-	-	-
Cemetery	-	-	300	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Total expenditures	8,450	155,482	1,003,457	-	148	28,818	-
Excess of Revenues Over (Under)							
Expenditures	55,795	(135,998)	(894,078)	19,574	6,064	(11,254)	3,593
Other Financing Sources (Uses)							
Operating transfers in	-	-	994,078	910,000	-	50,000	100,000
Operating transfers out	(55,795)	-	(100,000)	(909,983)	-	-	(325,743)
Total other financing sources (uses)	(55,795)	-	894,078	17	-	50,000	(225,743)
Net Change in Fund Balances	-	(135,998)	-	19,591	6,064	38,746	(222,150)
Fund Balances - Beginning of year	-	179,473	-	1,334,478	1,655	211,689	408,050
Fund Balances - End of year	\$ -	\$ 43,475	\$ -	\$ 1,354,069	\$ 7,719	\$ 250,435	\$ 185,900

Other Supplemental Information
Combining Statement of Revenue, Expenditures,
and Changes in Fund Balances - Nonmajor Governmental Funds
Year Ended June 30, 2003

		Debt Service Funds			Total Nonmajor Governmental Funds
Solid Waste	Cemetery	Civic Center	Major Road	DPW & Fire Building	
\$ -	\$ -	\$ 472,897	\$ 644,513	\$ 220,481	\$ 1,337,306
413,390	-	-	-	-	413,390
-	-	-	-	-	21,333
-	-	-	-	-	71,415
-	-	-	-	-	49,480
-	-	-	-	-	19,125
-	-	-	-	-	31,396
1,183	651	4,774	6,917	1,648	42,156
-	1,600	62	-	-	22,566
414,573	2,251	477,733	651,430	222,129	2,008,167
-	-	-	-	-	14,016
-	-	-	-	-	229,313
-	-	-	-	-	109,480
-	-	-	-	-	3,990
-	80	500	-	-	74,323
-	-	-	-	-	113,701
-	-	-	-	-	154,982
-	-	-	-	-	258,071
420,897	-	-	-	-	420,897
-	-	-	-	-	233,559
-	-	-	-	-	5,200
-	-	-	-	-	300
-	-	460,000	415,000	85,000	960,000
-	-	147,375	339,086	127,145	613,606
420,897	80	607,875	754,086	212,145	3,191,438
(6,324)	2,171	(130,142)	(102,656)	9,984	(1,183,271)
-	-	-	-	-	2,054,078
-	(300)	-	-	-	(1,391,821)
-	(300)	-	-	-	662,257
(6,324)	1,871	(130,142)	(102,656)	9,984	(521,014)
6,558	48,069	230,729	444,161	22,468	2,887,330
\$ 234	\$ 49,940	\$ 100,587	\$ 341,505	\$ 32,452	\$ 2,366,316

Stauder, BARCH & ASSOCIATES, Inc.

PUBLIC FINANCIAL CONSULTANTS

Since 1968

Richard W. Barch
President

Kari L. Blanchett
Vice-President

August 12, 2003

Via fax: 248-624-0863

Kevin Brady, Finance Director
Wixom City
49045 Pontiac Trail
Wixom, MI 48393-2567

RE: Annual Disclosure Document

Dear Kevin:

Enclosed is a draft copy of the City's Annual Disclosure document for inclusion in the audited financial statements for the fiscal year ended June 30, 2003. **Please remember to send six copies of the completed audits to us when available, so we can file the annual disclosure documents with the necessary repositories.**

If you have any questions, please call Jean, Julie, or Lina at (734) 668-6688.

Sincerely,
Stauder, Barch & Associates, Inc.



Kari L. McDonald-Blanchett

KLM:ja
Enclosure

CITY OF WIXOM
County of Oakland, State of Michigan

Unlimited Tax General Obligation Road Bonds, dated 2/1/96, orig. amt. \$5,370,000
 Unlimited Tax General Obligation Road Bonds, Series 1997, dated 12/1/97, orig. amt. \$3,650,000
 Unlimited Tax General Obligation Bonds, Series 1999, dated 12/1/99, orig. amt. \$2,615,000
 General Obligation Unlimited Tax Refunding Bonds, Series 2001, dated 6/1/01, orig. amt. \$2,715,000
 Unlimited Tax General Obligation Water Bonds, Series 2001, dated 12/1/01, orig. amt. \$1,335,000

CUSIP #s: 977493 BQ7 to EG6

ANNUAL DISCLOSURE DOCUMENT

(Due by December 31 annually)

HISTORY OF TAXABLE VALUE

Year	Total Taxable Value	Industrial Facilities Tax Valuation	Total Valuation	DDA/LDFA Captured Valuation	Net Valuation	Change
2003	\$836,404,100	\$73,391,050	\$909,795,150	\$35,274,140	\$874,521,010	6.38%
2002	\$783,845,270	\$73,391,050	\$857,236,320	\$35,132,620*	\$822,103,700	4.22%
2001	\$730,095,410	\$96,518,010	\$826,613,420	\$37,793,120	\$788,820,300	9.02%
2000	\$645,537,750	\$109,645,550	\$755,183,300	\$31,597,500	\$723,585,800	5.42%
1999	\$603,338,150	\$114,301,770	\$717,639,920	\$31,286,100	\$686,353,820	6.24%

* The DDA captured expired in 2002.

Source: Oakland County Equalization Dept and City of Wixom Assessor's Office

TAX BASE COMPOSITION

By Class	2003 Taxable Value	Percent of Total	2003 S.E.V.	Percent of Total
Real Property	\$628,982,410	75.20%	\$728,587,720	77.84%
Personal Property	207,421,690	24.80%	207,421,690	22.16%
TOTAL	\$836,404,100	100.00%	\$936,009,410	100.00%
By Use				
Agricultural	\$26,200	0.00%	\$53,320	0.01%
Commercial	88,698,450	10.60%	105,935,460	11.32%
Industrial	253,604,410	30.32%	290,654,370	31.05%
Residential	286,653,350	34.27%	331,944,570	35.46%
Personal	207,421,690	24.80%	207,421,690	22.16%
TOTAL	\$836,404,100	100.00%	\$936,009,410	100.00%

Source: Oakland County Equalization Dept

MAJOR TAXPAYERS

Taxpayer	Product/Service	Taxable Value	IFT Values	2003 Total Valuation
Ford Motor Company*	Motor vehicles	\$122,705,580	\$33,953,290	\$156,658,870
Edward Rose & Sons	Apartments	34,592,640	0	34,592,640
Harmon Highway(Schonscheck Inc.)	Architects, developers	14,662,590	0	14,662,590
Dart Container Corp.	Leasing company	12,286,150	0	12,286,150
Exatec, Inc.	Windshields mfr.	11,709,430	0	11,709,430
Detroit Edison	Utility	10,695,490	0	10,695,490
New Bright Industries/USRHPC, Inc.	Toy manufacturer	10,227,750	0	10,227,750
Alpha Drive Development	Ind. park development	8,572,810	0	8,572,810
Meijer's	Retail store	6,927,430	0	6,927,430
Korex Corporation	Laundry detergent mfr.	6,457,130	0	6,457,130
TOTAL		\$238,837,000	\$33,953,290	\$272,790,290
2003 Total Valuation		\$836,404,100	\$73,391,050	\$909,795,150
Top 10 Taxpayers as a % of Taxable Value and Total Valuation		28.56%	46.26%	29.98%

* Ford Motor Company is requesting the Michigan Tax Commission to reduce its 1999, 2000 and 2001 personal property taxable value by approximately \$31,000,000 due to errors in the personal property tax reporting forms the company filled out. If granted, this would have the impact of reducing the City's overall tax levy by approximately \$313,000 in each of those years.

Source: City of Wixom Assessor's Office

CITY OF WIXOM
County of Oakland, State of Michigan

Unlimited Tax General Obligation Road Bonds, dated 2/1/96, orig. amt. \$5,370,000
 Unlimited Tax General Obligation Road Bonds, Series 1997, dated 12/1/97, orig. amt. \$3,650,000
 Unlimited Tax General Obligation Bonds, Series 1999, dated 12/1/99, orig. amt. \$2,615,000
 General Obligation Unlimited Tax Refunding Bonds, Series 2001, dated 6/1/01, orig. amt. \$2,715,000
 Unlimited Tax General Obligation Water Bonds, Series 2001, dated 12/1/01, orig. amt. \$1,335,000

CUSIP #s: 977493 BQ7 to EG6

ANNUAL DISCLOSURE DOCUMENT

(Due by December 31 annually)

TAX RATES

<u>Year</u>	<u>Operating</u>	<u>Land Acquisition</u>	<u>Water Debt</u>	<u>Library / Civic Center</u>	<u>Local Roads</u>	<u>Safety Path</u>	<u>Major Roads/ Debt</u>	<u>Fire & DPW Bldg.</u>	<u>Total</u>
2003	6.8469	0.0000	1.4550	0.6200	1.1314	0.0000	0.8200	0.2700	11.1433
2002	6.3469	0.0000	1.5700	0.5800	1.1314	0.0000	0.7900	0.2700	10.6883
2001	6.3469	0.0000	1.6000	0.8500	1.1314	0.2952	0.9074	0.3255	11.4564
2000	6.3469	0.0000	1.0000	0.9000	1.1314	0.2952	1.0300	0.2000	10.9035
1999	6.3469	0.0000	0.4000	1.1222	1.1314	0.2952	1.2300	0.0000	10.5257

The maximum charter operating tax rate is 8.00 mills.

Source: City of Wixom

TAX RATE LIMITATION

Section 11.5 of the City Charter provides tax rate limitations as follows:

<u>Purpose</u>	<u>Rate per \$1000 of Taxable Valuation</u>	<u>2003 Amount after Headlee Rollback</u>
General Operating	8.00	\$7.5429

The City has the authority to levy taxes in excess of the above limitations pursuant to state law for the following purposes:

<u>Purpose</u>	<u>Authority</u>	<u>Rate per \$1000 of State Equalized Valuation</u>
Refuse Collection and Disposal	Act 298, P.A. of Michigan 1917, as amended	\$3.00
Police & Fire Pension Requirements	Act 345, P.A. of Michigan 1937, as amended	\$2.00

Source: City of Wixom

TAX LEVIES AND COLLECTIONS

<u>Levy Year</u>	<u>Tax Levy</u>	<u>Collections to March 1st</u>	
		<u>Dollar Amt.</u>	<u>Percentage</u>
2002	\$8,460,467	\$8,218,277	97.14%
2001	\$8,517,172	\$8,291,732	97.35%
2000	\$7,301,614	\$7,148,560	97.90%
1999	\$6,671,721	\$6,543,201	98.07%
1998	\$6,512,788	\$6,373,608	97.86%

Source: City of Wixom

CITY OF WIXOM
County of Oakland, State of Michigan

Unlimited Tax General Obligation Road Bonds, dated 2/1/96, orig. amt. \$5,370,000
 Unlimited Tax General Obligation Road Bonds, Series 1997, dated 12/1/97, orig. amt. \$3,650,000
 Unlimited Tax General Obligation Bonds, Series 1999, dated 12/1/99, orig. amt. \$2,615,000
 General Obligation Unlimited Tax Refunding Bonds, Series 2001, dated 6/1/01, orig. amt. \$2,715,000
 Unlimited Tax General Obligation Water Bonds, Series 2001, dated 12/1/01, orig. amt. \$1,335,000

CUSIP #s: 977493 BQ7 to EG6

ANNUAL DISCLOSURE DOCUMENT

(Due by December 31 annually)

DEBT STATEMENT

DIRECT DEBT

Bonds Dated	Description	Amount Outstanding 6/30/03
<i>General Obligation Bonds:</i>		
02/01/96	1996 Road Bonds, UT	\$3,750,000
12/01/97	1997 Road Bonds, UT	3,095,000
09/29/98	MI Bond Bank - Water, UT	3,430,000
04/01/99	MI Bond Bank - Water, UT	5,440,000
12/01/99	MI Bond Bank - Water, Site Impr., UT	2,460,000
03/30/00	MI Bond Bank - Water, UT	6,675,000
06/01/01	Refunding, UT	2,705,000
12/01/01	Water, UT	1,315,000
		<hr/>
		\$28,870,000
<i>Revenue Bonds:</i>		
07/07/94	Wastewater	2,450,000
<i>Authority Bonds:</i>		
08/01/92	LDFA, LT	575,000
		<hr/>
TOTAL DIRECT DEBT		\$31,895,000
Less:	Revenue Bonds	2,450,000
		<hr/>
NET DIRECT DEBT		\$29,445,000

OVERLAPPING DEBT

Percent	Municipality	Amount Outstanding	City's Share
0.05%	Novi S/D	\$141,593,000	\$70,797
4.08%	South Lyon S/D	176,200,000	7,188,960
18.38%	Walled Lake S/D	205,920,000	37,848,096
1.55%	Oakland County	76,893,544	1,191,850
1.55%	Oakland ISD	350,000	5,425
1.56%	Oakland CC	12,895,000	201,162
			<hr/>
NET OVERLAPPING DEBT			46,506,289

NET DIRECT AND OVERLAPPING DEBT

	<hr/>	\$75,951,289
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Source: Municipal Advisory Council of Michigan

LEGAL DEBT MARGIN

State Equalized Value -- 2003	\$936,009,410
Equivalent IFT Value -- 2003	36,695,525
Total Valuation	<hr/>
	\$972,704,935
Debt Limit - 10% of SEV & Equivalent IFT Value	\$97,270,494
Amount of Direct Debt	\$31,895,000
Less: Revenue Bonds	2,450,000
	<hr/>
Net Direct Debt	29,445,000
LEGAL DEBT MARGIN	<hr/>
	\$67,825,494

CITY OF WIXOM
County of Oakland, State of Michigan

Unlimited Tax General Obligation Road Bonds, dated 2/1/96, orig. amt. \$5,370,000
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 Unlimited Tax General Obligation Water Bonds, Series 2001, dated 12/1/01, orig. amt. \$1,335,000

CUSIP #s: 977493 BQ7 to EG6

ANNUAL DISCLOSURE DOCUMENT

(Due by December 31 annually)

GENERAL FUND BUDGET SUMMARY

Revenues -- 2003/04	\$9,027,017	
Expenditures -- 2003/04	8,359,638	
Excess Revenues over Expenses	\$667,379	
Less: Capital Contributions or Transfers	603,000	
Net Excess Revenues over Expenses	\$64,379	
Fund Balance -- July 1, 2003	0	<from audit
Projected Fund Balance -- June 30, 2004	\$64,379	

Source: City of Wixom

SCHEDULE OF BOND MATURITIES

Year	General Obligation Bonds	Revenue Bonds	Authority Bonds	Total	Percentage Payoff
2003	\$850,000	\$435,000	\$125,000	\$1,410,000	
2004	1,860,000	435,000	150,000	2,445,000	
2005	1,955,000	435,000	150,000	2,540,000	20.05%
2006	2,035,000	435,000	150,000	2,620,000	
2007	2,135,000	435,000	0	2,570,000	
2008	2,220,000	275,000	0	2,495,000	
2009	2,335,000	0	0	2,335,000	
2010	2,005,000	0	0	2,005,000	57.75%
2011	2,100,000	0	0	2,100,000	
2012	1,835,000	0	0	1,835,000	
2013	1,865,000	0	0	1,865,000	
2014	1,885,000	0	0	1,885,000	
2015	1,085,000	0	0	1,085,000	85.25%
2016	1,110,000	0	0	1,110,000	
2017	1,145,000	0	0	1,145,000	
2018	1,170,000	0	0	1,170,000	
2019	1,195,000	0	0	1,195,000	
2020	85,000	0	0	85,000	100.00%
	\$28,870,000	\$2,450,000	\$575,000	\$31,895,000	